

# BULLETIN

OF THE

## NATIONAL ASSOCIATION OF CREDIT MEN.

PUBLISHED MONTHLY BY

CHAS. E. MEEK, SECRETARY-TREASURER,  
41 Park Row, New York.

Entered as second class matter March 11, 1905, at the Post Office at New York, N. Y., under the Act of Congress of March 3, 1879.

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VOL. IX }  
No. 7 }

NEW YORK, JULY 15, 1909.

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Proceedings of the Fourteenth Annual Convention of the  
National Association of Credit Men, held at the  
Bellevue-Stratford Hotel, Philadelphia,  
Pennsylvania, June 15, 16, 17  
and 18, 1909.

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Tuesday, June 15, 1909.

MORNING SESSION.

The convention was called to order at 11 o'clock by President Frank M. Gettys, who called upon the Rev. John R. Davies, D.D., of the Bethlehem Presbyterian Church to pronounce the invocation. Following the invocation the assembly sang the national anthem.

President Gettys—The chief executive of this fair city has already flashed a welcome to the north, the east, the south and the west from his palace, and has come here to-day in person to welcome you to the city over which he presides. I have the honor of presenting to the convention, Hon. John E. Reyburn, mayor of Philadelphia. (Applause.)

ADDRESS OF MAYOR JOHN E. REYBURN.

*Mr. Chairman and Gentlemen of the Convention:*

I might just as well tell the truth. This is a very familiar scene before me. It looks very much like some conventions that I have attended before. The various signs to indicate where the delegates come from and the usual proceedings that characterize a political convention might lead me to think I was on familiar ground.

But fortunately this is not in any sense a political convention, but a convention of earnest men who have come together from all sections of the United States to discuss the real business of the country.

It is not my intention to detain you with a long speech; only to tell you how glad we are to have you visit Philadelphia. We are glad because we know that you are men accustomed to searching out and getting at the wisdom of things and at the truth. We feel that our city can stand a thorough examination, and we are glad to have you here, and we ask you to look us all over and see for yourselves, and search it out, and then express your opinions freely and fairly.

Now, the great business interests of this country, to my mind ought to be as free as possible from fixed laws, so that they can come together—the men that are interested and the people that are interested in the business and the development, physically, financially and commercially of the country—can come together and discuss openly and fairly the questions that enter into the business development of this great country; for here our problems are really comparatively new, so different in fact from those of the older countries that it seems impossible to attain that wisdom necessary to pass laws suitable for governing us ten years hence.

The great men that formed this country, that framed its constitution for its proper governance, simply made a great and solid foundation. They were wise enough to foresee the great things that were to come. Consequently they builded a foundation great enough and big enough to carry almost any superstructure that could be put upon it, giving the largest freedom to the individual man to go where he wished to trade and make his living, and then develop himself, not only as an individual,

but as one individual among the millions of others, to join one grand movement to uplift before the world a government and a people, such as never have existed nor ever will upon the face of the whole earth in any other place and under any other system of government. (Great applause.)

Take the last and you might say the present financial distress. What was going on under this great system of which you were a part? The credit given to men, given to corporations, which flowed into all sorts of various channels of business was being gradually, easily and successfully curtailed. What are our banks, what do they represent? Go into any city in this country, no matter where, and the banks in it represent the business of that community. You will find that representative men in business, and in all the activities of that community are the directors and stockholders of the banks. You may say what you will about banks now and then being misled, with the result that bankruptcy is precipitated on them, and suffering upon the community, but they are the bone and sinew of the country; the men who compose them do not sit still; they are the men active in the development of the country; and they have formed themselves into an organization which is country-wide and that organization is working day by day and almost night by night for the country's good. Now I know that you men here represent the same sort of thing. You are active, you are watching, you are never sleeping; and thus we have a great, a grand community of men, who are working not only for themselves, but for the good of the whole.

For this reason I want to say to you that we are more than glad to have you among us. You represent the great commercial life of our nation and we of Philadelphia are glad to have you come here because you do represent and are well representing great enterprises, and a great movement that must eventually produce the greatest good to the greatest number of people.

I say to you therefore, welcome, doubly welcome, and I hope you will have a pleasant time; we will make it as agreeable for you as we can; and we hope that you will go home healthier, wealthier and better men. (Great applause.)

President Gettys—After this message from the mayor which we deeply appreciate, and after all that we have felt and seen, if the next gentleman named on our program thinks that he can make us believe that we can be any more welcome than we already know we are, he is badly mistaken. However, I do want those who have arrived late to look on the man and meet him personally for it is largely through his energy, good fellowship and hospitality that we are here. I hope that all his troubles will rest as lightly on his sturdy shoulders as those which this convention have brought him. I take great pleasure and have great honor in presenting to you 'Mr. Gerson L. Levi, president of the Philadelphia Credit Men's Association. (Great and continued applause.)

ADDRESS OF PRESIDENT GERSON L. LEVI, OF THE PHILADELPHIA CREDIT MEN'S ASSOCIATION.

*Mr. President, the Ladies, Gentlemen of the National Association of Credit Men, Delegates, Visitors and Friends:*

It affords me great pleasure to extend to you a welcome to our city, and to the hospitality of the Philadelphia Credit Men's Association.

You have honored us by the acceptance of our invitation and we

esteem it a privilege to be afforded the opportunity to greet you with the glad hand of fellowship and to offer you such courtesies as may make your visit with us pleasant and enjoyable as well as profitable.

Conventions are the outgrowth of the gregarious tendency in man, the spirit of association.

In biblical history, when scripture tells us, "God said it was not well for man to be alone," woman was brought forth as a "side issue." In the successive cycles of human history this tendency has evolved into various forms of collective activity until to-day it reaches its highest expression in the thought of co-operation.



*Second Vice-President*

WILLIAM R. KING

Wm. R. Moore Dry Goods Company, Memphis, Tenn.

First a purely selfish consideration, through successive stages of progress it has now reached that point of development in which we see glimpses of the attainment of its higher conception—a comprehension of the economic utility of the law of unselfishness—the return compensation that comes to us in assisting others and thus helping ourselves.

Among the many changes that have come in human thought relative to worldly matters there has been none so radical or revolutionary as that with reference to the conduct of the world's commercial activities.



We can still remember when to be a man of standing required the professional attainments of the lawyer, minister or doctor or the intellectual powers of the man of literature and art, whereas to be in "business" was a term of opprobrium, carrying with it the impossibility of social or political standing.

To-day the "business man" is the power that dominates our activities and it is the "railroad king" and "merchant prince" that sway the sceptre and direct the world's activities.

It is on the stage of business that to-day—seemingly, at least—the conflicting forces of life play their parts and it may be that *there* will be worked out the final and ultimate plan of humanity. On every other stage we have had theory and doctrine, preaching and profession, but here on the business plane, "show me," is the slogan and the demand is for practice and proof, the stricter requirement of practicability and the elucidation of things for here and now, that must produce the ultimate rule of harmony in human affairs.

The last quarter of a century has built up a wonderful structure in the business world—the vast vessel of commerce—the ship of business. It moves forward on the ocean of the world's activities and the cleft waves bring success or failure—dependent upon the hand at the wheel.

That hand is the credit man. 'Tis he that knows the course, the rocks, the reefs, and the shallows—as well as the deep waters and the harbors; 'tis he that watches the barometer and the compass and 'tis he that steers and guides to a haven of safety.

He is the great middle man who stands as the balancing force between the man who has to sell, and him who buys, and maintains that equilibrium of honesty that makes it possible for so large a part of the world's commerce to be conducted on credit.

We, here, this day, are a representative organization, gathered together to exchange experiences and ideas that will the better equip us for the important part we play. Our position is one of opportunity and duty. We have it within our power to quicken or depress the pulse of the huge artery of business—it is our duty to use our power to further the interest of the greatest number.

I trust that our convention may be the most successful ever held, and that when it is past we may review the events not only from the thought of pleasurable renewal of old, and formation of new friendships, but also from the standpoint of having acquired much information and knowledge that will make us better fitted for the performance of the important duties entrusted to us. (Great applause.)

President Gettys—To respond to the welcome that we have received I think you will agree is a difficult matter, but you do not know all the difficulties that the next speaker has had to encounter. He has been attending conventions for a great many years, but has never been able on account of washouts and floods to reach a convention before on the opening day (Great laughter). I might add, should this convention ever select a southern city for its place of meeting, the present dry conditions will insure you against any washouts in the south. (Great laughter and applause.)

We have selected to represent us, our hearts and our words, Mr. J. W. Spangler, of Seattle, who will now respond. (Loud cheers and applause.)

ADDRESS OF MR. J. W. SPANGLER OF SEATTLE, WASHINGTON.

*Mr. President, Ladies and Gentlemen:*

Had I "the gift of tongues" I should still recognize my inability to respond suitably to so cordial a welcome as has been extended by your Honorable Mayor Reyburn and our esteemed fellow member, Mr. G. L. Levi, president of the Philadelphia Credit Men's Association.

We anticipated a welcome, the fame of your hospitality having preceded our coming, and we are more than gratified with its realization.



*Director*

J. W. SPANGLER

Dexter Horton & Company, Bankers, Seattle, Wash.

I imagine that my feelings at this time are akin to those of the Rev. Henry Van Dyke, of New York, who, upon the occasion of addressing a Philadelphia audience, is reported to have said in part:

"If there is any place in America which has the attributes of a sacred city, a city of refuge, it is Philadelphia. There is an atmosphere of sobriety and solemnity about it that would make even the rashest speaker hesitate to attempt an extemporaneous speech

without writing it beforehand! When I look at you, residents of a city where grandfathers are always above par—representative also of the Pilgrim Fathers—I, a mere Dutchman, and a New Yorker, cannot help feeling as Daniel did in the lion's den—perfectly safe, but somewhat prayerful!"

Perhaps the simplest and most expressive word for me to say is "Thank you." Thank you on behalf of the National Association of Credit Men, thank you on behalf of its officers and directors, thank you on behalf of its affiliated branches, and especially thank you on behalf of the ladies and the members in attendance at this convention who will be the recipients of the material evidences of your hospitality.

Our profound interest is aroused by the historic treasures of Philadelphia; we are conscious of your industrial and commercial position; we are impressed by the magnitude of your city; we recall the fame of your lawyers and the skill of the Philadelphia physician, but it is not through these that our unfeigned joy reaches its height—our supreme happiness at this moment is to be with *you because it is you!*

It is not difficult for me to entertain the warmest feelings for Pennsylvania, as my humble, though eminently respectable ancestors were numbered among the early settlers of this colony.

In receiving us with hospitality you are obeying an injunction given as early as the time of the Apostles for in Hebrews 13:2 we read, "Be not forgetful to entertain strangers." From the same high authority we learn that reward of hospitality is frequently found to be abundant. Abraham received the strangers who came to him, and "thereby entertained angels unawares." Laban's hospitality was rewarded by his finding a valuable servant for himself, and a good husband for his daughter. It is extremely doubtful if you can discover among our number an angel, or even one possessing any of the qualities of an angel, but it is within the range of possibility that you might find a good servant, and perhaps even a good husband for your daughter!

Should any of our number appear not to appreciate fully your hospitality you may safely charge it to your having exceeded his capacity for enjoyment, or be it said that most of us have seldom been privileged to be the guests of Philadelphia, which accounts for our failure to have developed a capacity commensurate with your hospitality. (Applause.)

President Gettys—As is customary the chair will now read the report of the President. He has it straight from the President, and when this is successfully eradicated from his system it will enable him to enjoy this beautiful hospitality much more. (Applause.)

ADDRESS OF THE PRESIDENT, FRANK M. GETTYS.

*Gentlemen of the Convention:*

The hand of time again points to that period when as members of this association we draw together from all points of the compass, and from all lines of trade, to sum up the year's work, mingle together socially, renew our faith in each other and in our organization, and make plans for a future which we are not satisfied to have anything less than a logical result of the earnest and well directed effort of the past.

Emerging, as we are, from commercial gloom and financial unrest, the fact has impressed itself that through a most trying term of business depression, followed by the unsettling effects of political activity which mark a presidential year, disaster has not attended this as it has similar bygone periods.

Taking the insolvency records of one of the mercantile agencies, which we may assume to be approximately correct, we are gratified to find that the commercial death rate in 1908 was smaller than in 1893, notwithstanding there were 40 per cent. more individuals, firms and corporations in business. This authority attributes this remarkable showing in part to "*enlightened consideration*" on the part of creditors, yet we are forced to speculate how far this "*enlightened consideration*" might have restrained a greedy creditor during this ordeal, but for the quieting assurance that under the National Bankruptcy Act a preference was impossible. We will indulge the claim that improved mercantile agency service has also been an important aid, and admit it to be a mere coincidence, that much of the aforesaid improvement which we now enjoy has followed previous requests of our committees on Mercantile Agencies and Credit Co-operation. The agency finally sums it up that all these and *other* improved business conditions make for a permanent lower commercial death rate. I lay the history of this association open for you to judge how great a factor it has been in bringing about these conditions, and it may be remarked that the same influences which have been at work during this readjustment, will be felt still more strongly at the next period of distress, and will tend to make it of shorter duration and less violent.

We would not exaggerate the work of this organization through such trying times, but the credit department of any business is the vital spot in such emergencies, and the spectacle of 11,000 credit men, our present membership, confronting problems similar in nature, lined up with the banner of co-operation floating at the head of the column, is, to say the least, an inspiring one.

Give this association a slightly larger membership of a quality desired, and furnish it with more efficient tools to work with in the form of better laws, and the enforcement of good laws already enacted, and it does not seem necessary to say that business conditions can be improved to such an extent that our annual waste from bad debts will be largely turned into profit, and public opinion, if nothing more, will cause the commercial pirate to observe that legitimate business in the long run is the more profitable.

It is not my intention to analyze the varied ramifications of our work covered by our standing and special committees. A lighthouse beacon, as it revolves, sheds its rays at all angles, and in the work of our committees there is not a branch of commercial life that is not illuminated. All I desire to say is that the association has gone forward, and through these months of retrenchment, the business done, the membership, and the indirect dividends to the members, have shown an increase.

I would prefer to discuss briefly the broader effects of our organization in its relation to the commercial world. You cannot weigh a planet in an apothecary's scales, nor can you measure to a mathematical precision the influences of a June sun on the green fields, but the blossoms, the fruits, and the ample harvest are speaking evidence. No more can we ask this organization, has it reduced our nation's bad debt account 1-10 of one per cent.? Has it paid 6 per cent. on the investment? Has it filled our jails with commercial malefactors? We would rather say—that our judgment tells us that the force of the evil things that have happened has been much diminished by our influence; that our association is a great moulder of public opinion; that it has enhanced the cash value of a moral obligation; that it has caused a diminution of that cheap admiration formerly accorded a successful business crook by would-be imitators; that it has increased our estimate of an honest man, regardless of



his financial success; that it has preached the doctrine that the American spirit of business is square deal co-operation; that it has developed the individual so that he is a mighty force for business uplift.

I have warned associations against too much scattering of effort in legislative affairs. We have thus far specialized along certain lines, looking to the enactment of laws regulating evils nearest us. When there are no old fields to conquer, we may seek new ones.

The failure of Congress to pass the Sherley Bill amending the present Bankruptcy Act, was not due to any lack of merit in the Bill or force of argument brought to bear by this organization. It was demonstrated that our association presents a solid front in favor of a permanent National Bankruptcy Act, and our disappointment need not be considered a source of discouragement. It has also been brought out that there is comparatively little honest opposition to the present law. The largest proportion of this honest opposition comes from those who confuse the administration of the law with the law itself. That it is not being properly administered in certain sections, is due largely to creditors themselves, who, by their indifference, have permitted offensive conditions to become engrafted, but this organization can and will improve the administration of the law.

Our bulk sale legislation has been further extended, until we now count those states which are without such protection, rather than those which have it. The few remaining will find harbored with them refugees from other states who have made their nefarious living by fraudulent operations, and they will, for self protection, be compelled to seek relief by passing a bulk sale law.

It seems a truism to reiterate that this association is not a money-making institution, and will resent the intrusion of those who attempt to control its affairs for the prosecution of their private business. The National organization must permit affiliated associations to be self-governing and work out local problems as they find them, but in doing so there must be a due regard for our constitution, and the solution of them must be safeguarded so that the broader influences of the organization may not be impaired, nor be subjected to deserving criticism. The life of this association will be jeopardized when its members, as a majority, depart from the clearly defined boundaries laid out by the founders of this organization, whose wisdom has not been challenged.

So far as I am able to judge, the adjustment bureau branch of our work has made no marked progress during this past year in the way of *extension*, but it has been a year of valuable experience to those associations operating adjustment bureaus, and has demonstrated to some that there are phases and difficulties in the successful operation of an adjustment bureau that they did not at first anticipate. The question is a perplexing one in certain aspects. It is not a national, but a local one, except where the management of a bureau is such that it lowers the standard of that association, and in turn reflects on the National body.

The organization of adjustment bureaus at certain points has been a necessity, because of inadequate or improper existing facilities for the handling of insolvent accounts, but an adjustment bureau possesses fundamentally no merit, except that which those who are in direct charge give it. The prestige deriving from the name and connection of the National Association of Credit Men is an asset only up to the point of a business getter, and unless the bureau is in a position to give as good service in the handling of insolvent accounts

as others, the patronage of credit men cannot be asked. The greatest obstacle in the operation of an adjustment bureau is the difficulty of keeping it in the hands of credit men themselves, who, as a rule, are glad to pay others for certain services rendered, and do not feel able to give the necessary time and attention to its supervision. I am a strong advocate of adjustment bureaus, where there is a distinct need of them, but as I stated in my address last year, certain associations have overstepped themselves by establishing adjustment bureaus without counting the cost, and the difficulty of providing income sufficient for a first class manager to give it his entire time and attention. Facing a deficit, they have had to take on a certain class of collections, and it is an obvious fact that very few, if any, of our associations are equipped with the necessary machinery and experience for the handling of slow accounts. I see but one beneficial result arising from some associations accepting a certain class of collections, viz.: the collection agencies have been forced to improve their service, not only in ordinary efficiency, but in the moral aspect of their manner of doing business, and it is decidedly to their interest to place themselves on a high plane, and assist us in eliminating the fake collection agency. I repeat my recommendation that some of our associations which have not sufficient insolvencies to support adjustment bureaus, will derive splendid results by the establishment of bureaus for the exchange of credit information. These, with an adequate and well advertised prosecution fund, which is a powerful deterrent, will very much lessen the work an adjustment bureau would have to do.

After all, do not some err in assuming that the future of the adjustment bureau is an issue of such great moment to this organization? Without minimizing its importance, it would seem that the *paramount* issue of this association has to do rather with the individuals themselves, than with the handling of post-mortem salvage. We are told that the individual himself is largely responsible for four-fifths of all business failures, with liabilities for 1908 quoted as almost three hundred millions of dollars, with assets of a little over half this amount. The other fifth is caused by disaster and other forces beyond control. In round numbers, there were 14,000 failures in the United States in 1908, and we will say that this many will fail in 1909. One-fifth, or in round numbers, 3,000, we will not consider, as their failure will be precipitated by disaster, the act of God, or other uncontrollable causes. This leaves 11,000 individuals, firms, and corporations who may be divided into two classes, namely, those who do not want to fail, and those who do. Of these 11,000 prospective insolvents, about 1,500 want to fail and will attempt to commit fraud, and the remaining 9,500 will fail for various causes; 8,000 alone from incompetence and lack of capital. Therefore I say it is with these individuals we are to deal primarily. It is not a discouraging task for 11,000 men to influence in a tangible measure the million and a half in business. To each member of this organization there are, as you can see, 135 concerns doing business, and one concern will fail in 1909 for every member of this association. A few cannot make a perceptible impress on conditions surrounding the 11,000 who will fail from causes within themselves, but if all will work, there will be a mighty uplift. The point of all this is that rather than exert our *best* energy and intelligence to the adjustment bureau (*the effect*), we should get back to the individual (*the cause*), and his environment preceding insolvency, and for this work the National Association of Credit Men was organized. The

1,500 who want to fail will be met with laws regulating fraud, with bulk sale enactments, with prosecution funds, with information bureaus, and with a determination not to compromise with dishonesty. To meet failure from speculation, you have in many states provided anti-bucket shop laws, and this association is on record on this question. To meet the mortality from incompetence, inexperience, and lack of capital, all of which are frequently made acute by overbuying, you have information bureaus, the educational literature of this association, and a growing demand for open ledgers and trade information. Starting, therefore, theoretically, with perfect information, an adjustment bureau would handle the fifth failing from causes beyond control. Whatever percentage, we approach a theoretically perfect condition as regards information and other safeguards surrounding the individual himself, regulates the volume of work for your bureau. Every condition causing failure is anticipated in that portion of our constitution setting forth the objects of this association. If a decided approach in the direction of a perfect condition is impossible or impracticable, why try at all? Why not be commercial savages?

During this year's administration, I have visited sixteen of our local associations, covering 12,000 miles in the performance of this duty. These visits have been a source of encouragement, and have supplied me with much information touching the different phases of our work, and I desire to thank all of these associations for the many courtesies extended.

And now, as my term as your president so soon comes to an end, I cannot close without sincere thanks to the officers, directors, and others who have served with me, and have made the two years past, years of interest, encouragement, and I trust—achievement. It also seems proper at this time for me to say that in my opinion the association has been fortunate in the retention of the present efficient Secretary-Treasurer, Mr. Chas. E. Meek. Common sense, system, aggressiveness, courtesy and careful study have marked the filling of his office. There are certain apparent duties incumbent upon the president of this organization, and others which are heavy or light as he makes them, and if the performance of them all as they have come, according to my best judgment, meets with your approval, in any degree, I shall feel amply repaid. I am deeply sensible of the great honors you have given me, and as I step back into the ranks I carry with me warm and tender sentiments, thoughts of good friends and good fellowship, and the knowledge that my intimate association with you has been one of the greatest possible blessings to me. (Long continued applause.)

President Gettys—We will now have the report of the Secretary-Treasurer, Mr. Charles E. Meek, of New York.

### **Report of the Secretary-Treasurer.**

*To the Officers and Members of the National Association of Credit Men.*

GENTLEMEN:

The National Association of Credit Men, in assembling here to-day for the purpose of holding its fourteenth annual convention meets under most auspicious circumstances, and in an atmosphere permeated with that cardinal principle of brotherly love, the exemplification of which in and through the manifold activities of the association has contributed in no small degree to its success in attaining the position it now occupies. The association is in size the largest organization of business men in

the country. It is unique also in that its membership is not drawn from any one industry or line of trade for in its ranks are found men representing the banking interests, those connected with every line of manufacture, with a substantial contribution from the ranks of those whose part it is to distribute the products of our factories. The association also attracts many who are thrown daily into contact with one or all of these elements; thus it cements into one compact body individuals engaged in almost every walk of business life.



*Secretary-Treasurer*

CHAS. E. MEEK

New York, N. Y.

Yet with all this diversity the entire energy of the association is cast in one direction with an absence of selfish purpose and motive which no one for a moment would attempt to gainsay or doubt.

The strongest argument used for justifying the organizing of the association was that through it a general betterment could be brought about in the conditions under which business was being carried on.



Those responsible for the beginning realized that the country had reached a turning-point in its commercial history, that business had outgrown the boundaries of any one state and that owing to the tremendous development of transportation facilities the country was no longer an aggregation of communities, each striving to supply the wants of its own people, but a great interstate trading nation with interests thousands of miles apart which involved the giving and taking of extensive credits.

That the founders of the association have realized upon their expectations more than a thousand fold is easily demonstrable. There are men within the range of my voice who participated in the association's first convention and it must be a great source of gratification and satisfaction to them to view this gathering greater in number than the total membership of fourteen years ago. With all this growth in membership the organization has never dropped a single degree from the high plane it was first placed upon and stands to-day a splendid living monument to those whose faith in it has never for a moment wavered.

There are many members who have no conception of the struggle for existence which the association experienced during its infancy. It has reached this point through many a squall and much rough weather, but those at its helm steadied its course, keeping the needle of its compass marking the point they had set out to make. To-day, more than ever, the business interests of the entire country owe those far-seeing pilots the deepest gratitude which we as members of this association can best repay by continuing to follow the course set.

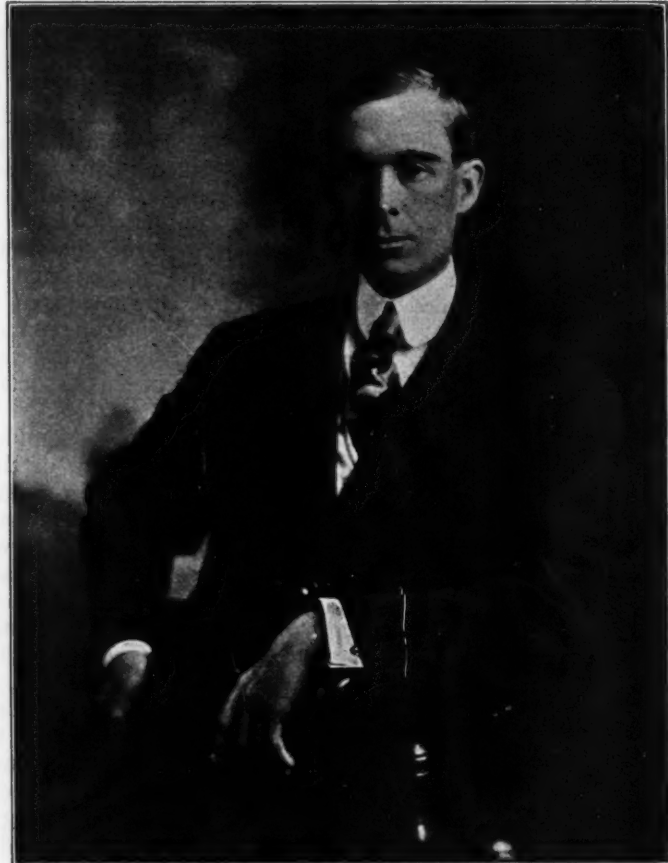
During the four days you will be in convention assembled there will be presented for your consideration a complete review of the year's work. You will have submitted to you new lines for your thought and action. Doubtless many new suggestions will be offered and when adjournment is reached the association's work for another year will have been decided upon, and you will all depart for your homes, conscious of having performed your duty, and prepared to take up your tasks with a feeling that you have contributed your share toward benefiting and promoting the welfare of the business interests of this great country.

Having for many years participated in these gatherings, first as a member, and later in an official capacity, I have had a double opportunity for observation and long ago reached the conclusion that the credit man who could, but failed to attend them, has missed one of the greatest privileges and opportunities of his life. One of the greatest assets a credit man can have is a wide circle of acquaintances amongst those engaged in the new profession. Frequently we are confronted in our membership work with the query, "How am I to get my money's worth?" In such cases it is almost useless to recite the so-called indirect benefits. Be it said to their shame that some men are so narrow and selfish that they refuse to recognize the fact that the association to a large extent is responsible for the distinctive recognition which has come to their peculiar work as credit men, setting them apart, so to speak, as men who practice a profession.

During the year we have added a considerable number of members, having in the aggregate passed the eleven thousand mark. Our work amongst those located outside of association cities has been especially satisfactory, particularly so when it is considered that support from that direction is secured mainly on broad grounds. In bringing the individual membership to the highest point it has ever reached we have had the assistance of many members, besides which we have realized

on the campaign of education which has been systematically carried on, and have been able to take up work along lines which have been in process of development for the last two years. Since the first of the year the percentage of withdrawals on the part of the individual class of membership has been materially decreased, giving a handsome net gain for the year.

Special mention should be made of the increasing interest in our work upon the part of the banks, not only those located in association



*Director*

A. C. FOSTER

United States National Bank, Denver, Colo.

cities, but many which have become identified with the parent association. The year's work shows a gain in the latter class alone of over fifty members. The action taken by the American Bankers' Association at its last meeting, in passing resolutions commendatory of our association and its work, has aided us materially in securing this gratifying result. We should recognize this courtesy in a suitable manner.

Membership dues have been collected promptly during the year and to-day there is outstanding less than twenty memberships which are more than sixty days in arrears.

The compilation and publication of a new membership list has been commenced. The expense involved in this work, while considerable, is unquestionably warranted, for the value of the list for purposes of exchanging credit information is constantly increasing. My main object in referring to this now is to ask every member here to assist the National office in producing a list which shall be in every respect accurate. Inasmuch as the work of compilation is progressing rapidly there should be no delay in notifying the office of changes in the addresses or representation of the membership. Errors in the addresses under which the monthly BULLETIN reaches the membership should be called to my attention at once.

The close of the year finds the association in excellent financial condition, with a substantial balance in the treasury and with practically no indebtedness. Its headquarters have been enlarged, new equipment has been added and its working force increased. I now present the usual statement of our finances:

## FINANCIAL STATEMENT.

June 1, 1908, to June 1, 1909.

### RECEIPTS.

June 1, 1908, cash in bank.....	\$3,076.97
Individual dues received during the year.....	10,415.00
Organized dues received .....	29,344.15
For sale of association blanks.....	160.94
Sale of copies of credit men's diary.....	951.78
Total .....	<u>\$43,948.84</u>

1908.

### DISBURSEMENTS.

June .....	Vouchers paid.....	\$2,370.93
July .....	" .....	3,170.04
August .....	" .....	2,312.20
September .....	" .....	2,145.59
October .....	" .....	4,232.82
November .....	" .....	2,654.34
December .....	" .....	4,682.98
1909.		
January .....	" .....	3,741.08
February .....	" .....	2,918.06
March .....	" .....	2,891.13
April .....	" .....	4,546.33
May .....	" .....	3,033.69
		<u>\$38,699.19</u>

Balance in bank June 1, 1909.....	\$5,249.65
Balance in office account.....	255.08

Total cash balance, June 1, 1909..... \$5,504.73

Stationery and printing.....	\$2,105.95	
Postage .....	1,261.56	
General expenses .....	8,884.56	
Organization expenses .....	7,292.05	
Salaries .....	10,964.25	
Furniture and fixtures .....	311.00	
Legal expenses .....	1,645.10	
Bulletin cost of publication.....	6,234.72	
		<hr/> \$38,699.19

COMPARISON.

	Receipts.	Disbursements.
1907-1908.....	\$33,979.47	\$34,519.25
1908-1909.....	43,948.84	38,699.19
	<hr/>	<hr/>
Increase.....	\$9,969.37	\$4,179.94

Since our last meeting death has claimed one of our friends, who for years contributed his part not only toward the local association with which he was connected but also toward the welfare of the National Association which he served as a director. I refer to Robert McFarlan Smith of Cincinnati, a man of the highest character, of sterling integrity, a faithful servant, a gentle and loving friend, who bore patiently the troubles which of late years fell to his lot. As a soldier Robert McFarlan Smith defended his country, as a member of this association he fought its battles, as a friend he was ever true. I respectfully suggest that the committee on resolutions take suitable action.

Death has also claimed an old friend of the association, one who has been a familiar figure at several of its conventions, a man of national reputation who through devoted service to his country brought to himself high honor. I refer to ex-Governor Thomas T. Crittenden whose death occurred in Kansas City a few weeks ago. President Gettys tendered the association's sympathy to the bereaved family, and this convention should take notice of the association's loss through appropriate resolutions.

I take this opportunity to express my warmest thanks to the officers and directors of the National Association, the officers of the local associations, the men who have served so ably on the committees of the past year, and to that large body of members in the general membership who have given me in my association work so unstintingly and generously of their time and advice. It is on account of the generosity of their service, given out of their busy lives, that this organization has been placed in the front rank and is to-day the leader in this country of all commercial bodies; not alone in the size of its membership but in the remarkable success which has attended its efforts to the benefit of commercial interests in general.

CHAS. E. MEEK, *Secretary-Treasurer.*

(Long continued applause.)

President Gettys—William Penn landed near the city of Philadelphia in the good ship *Welcome*, and some of us may have the impression that the citizens of Philadelphia at this present time deal in this commodity exclusively, I must say there seems to be considerable compe-



tition in the welcome line, and in order to indicate more forcefully that Philadelphia has possibilities and indeed is now a commercial center, Mr. Coleman Sellers, Jr., president of the Chamber of Commerce, is going to address us on the topic "Philadelphia as a Commercial Center." I have the pleasure of introducing Mr. Sellers. (Long continued applause.)

ADDRESS OF MR. COLEMAN SELLERS, JR., PRESIDENT OF THE PHILADELPHIA CHAMBER OF COMMERCE.

*Gentlemen of the National Association of Credit Men:*

I am here on behalf of the Chamber of Commerce of Philadelphia to extend to you a hearty welcome, and to express the hope that your meeting may be the best you have ever had; that your brief visit here may prove enjoyable, and that you may take home with you nothing but pleasant recollections of the "City of Brotherly Love."

I have been asked to tell you something about our city, especially with reference to its advantages as a commercial and manufacturing center. When this was first suggested to me I confess the prospect was somewhat appalling, for I despaired of being able to present so old and, from our point of view, so obvious a subject in any new or interesting light. Indeed, I felt very much as did the small darkey who one midnight stole the two largest melons from a field, and as he was making tracks for his cabin with one big melon under each arm, saw a fat hen roosting on a low limb. He stopped a moment to consider his plight, and then exclaimed, "I sure is in a fix." (Laughter.)

My first feeling was that every man in the United States who had heard the Declaration of Independence must have a pretty good idea of Philadelphia, and know something of its history, its position, its achievements, its aspirations.

But I recently met a distinguished scientific man from New England, a man of international reputation, who is in the habit of visiting here once or twice a year, and yet who expressed surprise when I mentioned that Philadelphia was 100 miles from the ocean. "Why," said he, "I never thought of that. Then you are an inland city. Have you any commerce? Do ships come here?" I told him we had a channel to the sea—somewhat tortuous perhaps and narrow in places, but 30 feet deep, and further, that quite large ships come here. I might have added that we have in the city 16 miles of deep water front; that we have regular steamship lines to 20 foreign ports; that 1,300 vessels from such ports arrive and depart yearly, and nearly 5,000 from domestic ports.

Now it occurred to me that if my highly intelligent friend knew so little of a city he visited so often, there might perhaps be some facts about Philadelphia that might have escaped other intelligent men visiting here less often than he.

Probably the prime requisite for a manufacturing community is a suitable labor market, an abundance of skilled and unskilled workers, an industrious and thrifty people. To maintain these advantages and to get the best results, those conditions must prevail which will produce contentment and general comfort, and will most tend to promote individual happiness. There must be comfortable homes at reasonable rent, good schools, churches, amusements, facilities for relaxation and recreation as well as instruction. Now I hope to show in a few words that Philadelphia excels in the possession of these general advantages any

other city comparable to it in size. Our population, originally English, with an admixture of low German, thrifty, steady, industrious peoples, has absorbed and assimilated a constant influx of immigrants until in 1900, 30 per cent. of our population was foreign born, and half of foreign parentage. Nevertheless, these newcomers have, as a rule, accepted the spirit of our city, and have taken kindly to the industrial pursuits in which Philadelphia has long excelled.

What advantages does Philadelphia offer to her host of workers? How does she house, feed, educate and amuse them? When Wm. Penn laid out his city in 1682, one mile wide and two miles long, from river to river, he planned for a city of homes with ample door yards, shady streets and wide open spaces. He provided for a center square of ten acres and four other squares. As you look about you will see how far our founder failed to foresee the developments of the future. The four squares remain as parks, but the center square is covered by our huge City Hall, which cost an incredible sum of money, and is already overcrowded. The two square miles have grown to 129½ square miles, and the mile in width has stretched to 25 miles long, and the two miles in length has changed to seven miles wide. The shady streets, I am sorry to say, have been largely driven to the suburbs, but our park system has expanded to over 4,000 acres, and is still growing. The checkerboard street arrangement, familiar to the school geography, has been perhaps too rigidly adhered to, and diagonal avenues are not so numerous as they should be. This we are correcting, in some measure, by a system of boulevards, toward which a beginning has already been made.

Philadelphia has always been as it was intended to be, a city of homes, of individual houses, each sheltering its own family. The vast tenement, of many stories, is not the home that the Philadelphia workman aspires to, and the miles and miles of decent small dwellings afford housing facilities for independent self respecting workers in all lines of activity. It was recently stated that Philadelphia has a far greater diffusion of real estate ownership than any other city of the world. Her individual tax payers, more than 150,000 are twice as many in proportion to population as those of New York, and three times as many as Boston. We boast of over 300,000 separate dwellings, and are adding to our accommodations in houses, stores, schools and churches for an increase of population of 50,000 a year, in spite of the fact that there has grown up in the beautiful country around this city a series of suburban communities, easily accessible by trolley or train, where many thousands of city workers find ideal homes under semi-rural conditions.

To carry our people between homes and working places there are in the city limits about 600 miles of trolley tracks running over about twenty routes and intersecting at 1,100 points. Situated in a rich agricultural region, in close proximity to the market gardens of New Jersey and the unsurpassed dairies of Delaware and Chester counties, Philadelphia has long been noted for the excellence of her markets, and especially for her butter, milk and poultry.

In education we have a graded free school system culminating in high schools conferring collegiate degrees, normal schools for girls, manual training schools for boys; and numerous free university and college scholarships are open to the completion of those students seeking a higher education. 150,000 pupils attend these public schools, 4,300 teachers are required, and over 300 buildings house them. Free night

schools are available for 18,000 ambitious day workers, old or young; and 50,000 students are cared for in sectarian institutions. We have numerous museums, a complete free library system with thirty branches projected and many in operation. Many institutional libraries, all open for free consultation, picture galleries, art schools, a great university with its congeries of courses, medical colleges and hospitals all offer to the residents of Philadelphia unsurpassed opportunities and bring to our city annually thousands of students from all parts of the United States and from many foreign countries.

The city is also well provided with theatres and places of amusement. Recreation grounds are numerous, and 50 public parks are scattered over the city, while in our great Fairmount Park our people find a real play ground of over 3,000 acres, easily accessible and open to almost unrestricted use.

The general health of the city is excellent—the mortality low. The water supply is now good and very abundant—in fact, the per capita water consumption is the largest in the world. As a result of these favorable conditions, there has gathered here a fine, honest, hardworking people, able and willing to take up any line of manufacturing work, and containing large groups of specially trained workmen in certain specific lines of industry.

Prominent among these are the textile workers. In the six leading industries of the United States, Philadelphia stands first, with an output in 1905 of \$102,000,000, or about one-tenth of the entire output of the country in these lines. Weaving was started by the Germans, who came to Philadelphia in the time of William Penn, and in 1691 he wrote "All sorts of paper are manufactured here in Germantown, and very good fine German linen, such as no person of quality need be ashamed to wear, and very good druggets, besides other woollens."

The first spinning jenny seen in this country was exhibited in Philadelphia in 1775. The first joint stock company in the United States, and probably the first company to attempt to make cotton goods, was organized in Philadelphia in 1775, and known as the "United Company of Philadelphia for Promoting American Manufactures."

The first calico and linen printing was done in Philadelphia in 1789. The first lot of cotton goods printed by engraved rollers and machinery driven by water power, was turned out in the suburbs of Philadelphia in 1810. Ninety per cent. of the tapestry and nearly 80 per cent. of the lace produced in the United States in 1904, was made in Pennsylvania, and nearly all of it in Philadelphia.

We have led all other cities in the manufacture of hosiery and knit goods, producing over \$15,000,000 worth a year. The manufacture of carpets was started in 1791 in Philadelphia by W. O. Sprague, who made axminsters; and our carpet and rug output in 1904 was over \$25,000,000.

In the manufacture of worsted goods, including yarns, Philadelphia had an output in 1904 of nearly \$27,000,000. The first silk goods produced in this country were made in Philadelphia by W. H. Horstmann in 1815. In the combined value of woolen and worsted goods Philadelphia, with an output of \$39,000,000, far exceeds any other city in the country.

Manufacturers find here in the ample labor market skilled hands with a variety of experience such that they are able to take up successfully novel processes and textile novelties to suit the changing taste of the buying public; and they also find an abundant supply of the necessary materials for carrying on any new line of textile work.

Another of the special lines in which Philadelphia excels is in the manufacture of glazed kid, a relatively new product, invented and developed in this locality, and now grown to enormous proportions. In Philadelphia and its immediate neighborhood, \$50,000,000 worth of dressed goat skins are produced annually. 275,000 skins are prepared each day. 7,000 people are employed in this industry.

The Delaware river has well been called the "Clyde of America," and the products of its great shipyards are well known.

From the beginning of its history Philadelphia has been prominent in the mechanical arts, and especially in the working of metals. Over 450 machine shops and foundries now turn out almost every variety of machinery known, and our great locomotive works are capable of building eight locomotives a day.

We have over 15,000 factories of various kinds, representing an investment of nearly \$500,000,000, employing in round numbers, 250,000 wage earners, who draw \$112,000,000 per annum in pay.

I could multiply such statements indefinitely. I could tell you that our hat factories make 400,000 dozen hats a year; that with one-sixtieth of the population of the United States, Philadelphia furnishes one-twentieth of its manufactures; that enough stockings and socks are made to furnish every man, woman and child in the country two pairs a year. I could tell you of the magnitude of our paint, oil, varnish and drug trades; of our tobacco manufactures; of the number of potential sneezes annually distributed by our snuff makers, but statistics are dry and not convincing, and I will not further inflict them on you. Such figures as I have mentioned are submitted merely to indicate briefly some of the many directions in which our city has demonstrated her right to be regarded as a leading manufacturing center.

This result has been attained not only because we have a suitable population, an ample supply of raw materials, close proximity to the greatest coal mines of our continent and to the centers of iron and steel manufacture. It is also necessary that such a center should have facilities for transporting its finished product, and a nearby market capable of absorbing a larger part of the output, an enterprising and effective commercial organization for distributing it.

I have already touched on the facilities of our harbor, its possibilities have not yet been demonstrated. I would like to add that our railroad facilities are remarkable. There are over 60 freight stations so evenly distributed that all business sections of the city are provided, and in addition hundreds of miles of sidings give direct rail access to numerous establishments.

Philadelphia is situated in a densely populated section; it has been said, how truly I do not know, that a circle of 90 miles enclosing both Philadelphia and New York would include a larger population than any similar area in the world. This may be an exaggeration; but of this I feel sure, that no similar population is on the whole more prosperous, or has a greater average purchasing power; not only have we the goods, and the markets near at hand and abroad, but we have a mercantile community equipped and able to distribute the goods. Over 1,000 houses in this city are engaged in wholesale trade, and it is said that our wholesale and jobbing business amounts to \$500,000,000 a year.

It is hard to present this subject fully in the limits assigned to me. but I think I have said enough to show you that Philadelphia's claims are well founded; that she has certain natural and acquired advantages



which have led to a great development along many lines; and which are likely to continue her growth on an even broader basis. But before closing I wish to touch on one other phase. Those of you who read the cheap monthly magazines probably remember that Philadelphia was described by a prominent "muck raker" as "corrupt but contented."

This catch phrase like most of its kind, contains a half truth, but it does grave injustice to our people and our city. If there has been or is corruption in any part of our body politic, it is like that of other large American cities, and is probably in some degree inherent in our system of municipal government; a system which has proved woefully inadequate to meet a concentration of population which was never foreseen by the forefathers who devised our form of government.

In any event, and at any time, our political evils have been more than matched in other communities, and we believe they are constantly growing less. Conditions are improving in this respect in all parts of our country, and will continue to grow better as an enlightened public opinion is developed and extended.

Philadelphians are contented. They have cause to be contented with their homes, their beautiful and healthy city, their surroundings, their comfort; but this contentment is not the besotted indifference to public wrong which has been described. It is rather an evidence of a peaceful and law abiding spirit which is characteristic of our community; a disposition to recognize and support the constituted authorities even if we do not always approve of their methods; a temperament which tends to keep the city wonderfully free from mob violence and riotous disturbances.

Philadelphia is said to be *slow*; our neighbors love to make this assertion, and I for one freely admit it. It amuses them, and it does us no harm. It is one of those cant expressions which take the place of thought—like the English opinion that all Americans chew tobacco and sit with their feet out of the hotel windows; and talk through their noses—that all Chicagoans brag and bluster and that St. Louis women have big feet.

Philadelphians are slow in the sense that they try to be sure; in the sense that they are disinclined to be hysterical; that they like to look before they leap; to weigh the consequences of their acts beforehand. Slow to advance the claims of their own city, slow to boast of its good qualities, contented in the possession of these advantages, slow to force them on others; but if Philadelphia sometimes seems slow in taking hold of new things—she is also *slow* to relinquish unfinished, a task begun, a duty undertaken—she may seem sometimes too patient—long suffering and slow to arouse, but she is not slow in public spirit—in good works—in philanthropy, and at times of national peril she is not slow in patriotism and self sacrifice. (Great applause.)

Mr. H. G. Moore, Kansas City—As has been announced by the secretary, there departed this life on the 29th of May, at Kansas City, our first and oldest honorary member, and at this time we ask your indulgence and the privilege of the floor to Mr. Edwin A. Krauthoff, who will bring us a message with reference to our fellow member, Thomas T. Crittenden.

Mr. Edwin A. Krauthoff, Kansas City—Before presenting upon this occasion the resolutions which the Kansas City Association of Credit Men has commissioned me to present to you, it is perhaps proper that we should for a moment pause in the busy program which has been

outlined for your edification, and pay a tribute to the memory of a man who in his heart always carried with him the warmest recollection and the keenest appreciation of the courtesies which from time to time you showed him, not only in your individual but in your collective capacity.

It is proper that in this city which gave rise to the flag, upon the heels of the anniversary of the birth of that glorious ensign of the Republic, something should be said with respect to the memory of a man who at a time in our history when men's souls were tried, when men were called upon to forget the allegiances of birth and of family, a man who in that hour, leaving the state of his nativity, leaving the state of his residence, in a sense leaving those who were related to him by ties of blood and of kinship, a man who in that hour risked his life so that this nation born of, by and for the people should not perish from the earth.

The man whose memory we mourn upon this occasion was born in Kentucky in the year 1832. He was of distinguished lineage, for in his veins flowed the blood of one of the proudest families, not only of that state but of the nation. As Henry Watterson said in his tribute, he was indeed a Crittenden of the Crittendens. Married in his native state to the bride of his youth and his age, he came to us in the state of Missouri, and in 1861 when the great question with the people of our state was, should we go with the South to which we belonged by every possible tie, or should we turn our backs upon the people who were thus related to us in order that we might join those states which made the continuance of the Union possible, this man cast his die with that of the nation, leaving the town in which he lived over night, and becoming an officer in a regiment of the Union army.

The war over, living in a state where brother had been divided against brother, his constant aim was to bring out of that chaos, out of that discordant and belligerent state of affairs, that unity of feeling which made the regeneration of our country possible, representing us as he did upon the floors of the halls of congress, becoming as he did afterwards, the chief executive of our state, driving from our borders, amidst antagonism that was bitter and which no one can comprehend who did not live there and was not part of it, amidst such circumstances, driving from our borders the last vestige of outlawry, he finally became in the course of time the representative of this country as consul general to the Republic of Mexico, and he there did much to promote that feeling of good will now existing between these sister republics.

Returning again to us, he was honored in the year 1898 with the appointment of Referee in Bankruptcy, and as such served until within a few days of his death.

Indeed he was fortunate in that he was able upon the morning of the day he was stricken, still to attend to the duties of his office, being engaged in the hearing of a case on Thursday morning, and Thursday afternoon, while attending an out-of-door entertainment was stricken and became unconscious, and on Saturday passed away.

This, in brief, my friends, is his public career, which on other occasions and amidst other surroundings will be and has been fittingly and elaborately celebrated. To us of the local association, to you of the National Association, belongs the peculiar privilege of an intimate friendship that started in the year 1902, when, honored by the Kansas

City association as a delegate to your national convention, he appeared with you at Louisville.

Following that, in the year 1903, when we were devastated by a flood that almost wiped us from the face of the map, his wise counsel was called into play, and he insisted in the face of that seeming disaster that we should be fittingly represented at the National Association meeting at St. Louis; and coming as he did, you took him to your membership, received him upon the floor of your convention, and he was the first man to be thus honored with being made an honorary member of the National Association.

In the year 1904, suffering at the time from the pains of a disease from which he had never been free since the days of the war, he addressed your banquet extemporaneously, and in 1905, at Memphis, you honored him with a place upon your official program. From those memories and recollections there came from him to you a friendship which you reciprocated, and which he never forgot to the days of his death.

One lesson preeminently he taught us all, the art of growing old gracefully. At the time of his death he was in the 78th year of his age, but he was just as young as the youngest of us, and just as old in one respect as the oldest of us.

And this, my friends, was the man whom you honored, the man whom you delighted to honor, the man who was the friend of us all, and the man in whose memory the Kansas City association upon this occasion desires to present these resolutions:

"Thomas T. Crittenden, an honorary member of the National Association of Credit Men, and of the Kansas City Association of Credit Men, died at his home in Kansas City, Missouri, on May 29, 1909. Born in Kentucky, of distinguished lineage, our departed friend had passed the allotted three score years and ten of the Psalmist. Others have and will yield tributes to his memory and his long and distinguished service as a citizen of our country. Whether in the halls of Congress, or upon the field of battle; as the chief executive of a great commonwealth or as a distinguished representative of our country at the court of a sister republic; or in administering an important branch of national commercial law, it may well be said of him, 'None knew him but to love, and none spoke except in praise.'

"The peculiar privilege of our association was to claim him as an honored member. In the year 1902 he represented the Kansas City association as a delegate to the National Association meeting at Louisville. At that convention he was, indeed, like McGregor, upon his native heath. At every turn old friends and new friends crowded about him.

"In the year 1903, he was elected a delegate from the local association to the National Association convention in St. Louis. At the time of the convention the situation in Kansas was peculiar. A disastrous flood had swept down on our city. In this emergency his wise counsel and his insistence upon an adequate representation at the convention of the National Association will always be lovingly remembered.

"During the deliberations of the convention, with his usual felicity he addressed the gathering, and so great was the enthusiasm created by his remarks, that upon the conclusion of the same he was immediately made an honorary member of the National Association, the first person, who previous to that time had no official connection with the association, to be thus honored.

"In the year 1904, he was a delegate from the Kansas City asso-

ciation, at the convention held in New York City. Addressing the banquet on that occasion, he presented a figure in our annals long to be remembered.

"But it was at Memphis, in the year 1905, that he was especially happy in his delineations of the growth and perpetuity of our institutions. Speaking in a part of the country whose people were largely descended from those who had struggled for a lost cause, which they believed to be right, our departed friend spoke as one who had espoused a cause that had been successful, and pleaded in clarion tones for a continuation of that peace and harmony which had made of us an united country.

"In later years, he was not able, on account of advanced age and the increasing infirmity of a painful disease from which he had not been free in many years, to attend the conventions of the National Association. Frequently he was delighted to attend the gatherings of the local association. Many a time and oft as we gather in our conventions, both local and national, we shall 'sigh for the touch of a vanished hand and the sound of a voice that is still.'

"We should feel remiss in the duty and the privilege which has been assigned to us by the local association, if in this connection we failed to call attention to the proverbial urbanity and unfailing good nature and the never-ending cheer and courtesy of our friend and fellow-member of whom Goldsmith's description of the local pastor in the 'Deserted Village' is truly applicable where he says that while his heart might have its troubles, his head was always in the sunshine:

'Though round his breast, the rolling clouds were spread,  
Eternal sunshine settled on his head.'

"In every relation of life and at all times and under all circumstances, Governor Crittenden was the same gallant, courteous gentleman. Whether to the high or to the lowly, all alike were his friends, and he to all alike was their friend. He had learned the lesson, when the final summons came, to 'wrap the drapery of his couch about him and lie down to pleasant dreams.'

"He was profoundly impressed with the sentiment,

'Sunset and evening star, and one clear call for me;  
There was no moaning at the bar when he put out to sea.'

"He was stricken on Thursday, May 27, 1909. He died on Saturday, and on the afternoon of that Memorial Day, when through all this broad land of ours there were tears and love for the blue, and love and tears for the gray, all that was mortal of this, our friend, was laid to rest in that earth whence he came, there to await the final summons which shall awaken us all to a higher life, in that 'house not made with hands, that temple eternal in the heavens.'

"EDWIN A. KRAUTHOFF,  
E. L. MCCLURE,  
H. G. MOORE,  
*Committee."*

Mr. Max Silberberg, Cincinnati—I move the adoption of the resolution by a rising vote.

Motion seconded.

President Gettys—All in favor of the adoption of the resolution will in all solemnity rise.

(All rose.)



President Gettys—I have the pleasure of presenting to the association Mr. T. James Fernley, chairman of the Philadelphia Entertainment Committee, who has an announcement to make. (Great applause.)

Mr. T. J. Fernley, Philadelphia—The Philadelphia Credit Men's Association has been looking for you for several months, and many meetings have been held of the committee which has in charge your entertainment during these sessions of your convention. You have probably received a little book containing tickets for the various entertainment features, the reception this evening, the trip to Willow Grove to-morrow evening, and on Thursday afternoon the trip to Valley Forge.

On Friday evening our committee has arranged for a very high grade vaudeville smoker for ladies and gentlemen, to be held in this room.

But this is not all the entertainment that we have to offer you while you are in our city. We desire to show you some personal attention. We have a very large committee, some 25 or 30, of the most progressive members of our association, and I ask as you pass out to give these gentlemen an opportunity to greet you. They will be in the foyer of the hotel. I want you to get acquainted with them. There is absolutely nothing you can wish for while in our city that they are not under obligation to find you. (Great applause.) And in saying this regarding the entertainment of the gentlemen of the convention, I would also have the ladies to understand that we desire to embrace them. (Great laughter and applause.) Mrs. Rapp desires me to announce to the ladies that a luncheon will be held in the Clover Room of the hotel at 1.30 sharp. At that time other announcements will be made concerning the entertainment of our lady visitors.

I desire to read, with your permission, a communication from the Western Union Telegraph Company:

"We beg leave to say that our company will be pleased to transmit free of charge the social messages of the delegates to your convention which convenes in this city on the 14th instant, upon the presentation of their official badges when tendering messages to any of our offices throughout the city.

"A. W. REED, *Manager.*"

(Great applause.)

I have a communication signed by J. A. MacNichol, Esq., manager of the Postal Telegraph Company, in which he says, "I am authorized to extend to the delegates of the National Association during the week June 14-19 free transmission of their personal social messages. The official badge of the association will entitle the delegates to this service." (Great applause.)

We expect to hear from the wireless company to-morrow. (Applause.)

I thank you for this opportunity, and please bear in mind that this little entertainment that we have put up is simply a cash proposition that has come out of the well-filled treasuries of the thousand or two thousand commercial houses of this city. They have a business of probably \$500,000,000 per annum, and it is nothing but a pleasure for them to offer you this entertainment. However, we do hope that we can personally show you a good time while you are here. It was my privilege to be in the city of Pittsburgh a few days ago, when a gentle-

man there told me of a magnificent animal they had in their Carnegie museum which lived four million years ago. Why, gentlemen, that is simply a young thing that has come to life recently. If you will go to the Academy of Natural Sciences you will find there (and the facts are well authenticated) a feather from the wing of the Angel Gabriel! (Great laughter and applause.)

Here a recess was taken until 2.30 P. M.

Tuesday, June 15, 1909.

#### AFTERNOON SESSION.

President Gettys called the convention to order at 3 o'clock.

President Gettys—With reference to the appointment of a committee on resolutions, committees on auditing, on credentials, and on nominations and chairmen of state delegations, on account of the increased size of our convention, it has been impossible to determine exactly as yet who is present, as all of the delegates have not registered, consequently we shall have to defer the announcement of these committees until later.

The next subject is the reading of rules for the government of the convention. These are printed in your program which you have had all the morning, and unless there is special request, we will omit reading them.

We will have the pleasure of listening to an address on "Trade Conditions in South America," by Dr. L. S. Rowe, Professor of Political Science in the University of Pennsylvania, and delegate of the United States to the Pan-American conference. I have the pleasure of presenting Dr. Rowe. (Great applause.)

#### ADDRESS OF DR. L. S. ROWE.

*Mr. President and Gentlemen:*

When you honored me with an invitation to address you this afternoon I felt that it would be an imposition to burden you with anything like a formal address during the month of June in Philadelphia. I want to speak to you, therefore, very informally and very briefly on two or three salient features of trade and credit conditions in South America that were impressed upon me in the course of two visits to Latin-American countries, the first extending over a period of a year and a half and the second a recent trip of nearly nine months.

Before visiting South America I was under the impression that we were the most cosmopolitan, and in many respects the most adaptable of modern peoples. My faith in these national qualities was seriously weakened during my first trip, and completely undermined after finishing a second tour of the continent. Instead of being the most cosmopolitan, as well as the most adaptable amongst modern nations, one is gradually forced to the conclusion that we have greater difficulty in appreciating the point of view of foreign nations than any of the peoples of continental Europe, and are less disposed to change our standards to meet foreign requirements.

The question is not whether our foreign commerce will or will not expand. Such expansion is an inevitable consequence of our industrial development. The real question is whether our commerce will expand in proportion to the opportunities for such expansion; in a word,

whether we desire to take full advantage of the opportunities now presenting themselves in Latin-America.

In considering this field for commercial expansion it is necessary to bear in mind an important contrast with the Far East. The Far East is at best but a temporary market. The imitative power of the Chinese and Japanese soon leads to the supplanting of foreign-made goods with local imitations. The low standard of living of the people, with the corresponding low rate of wages, enables them soon to undersell and thus dispense with the foreign product. This is not the case in any of the Latin-American countries. For many reasons they will for a long time to come be essentially agricultural communities. Even where home industries are established the relatively high rate of wages does not exclude competition. Latin-America is therefore a permanent market for American goods in a sense far more real than the Far East.

We must always bear in mind, however, that the commercial traditions of Latin-America were inherited from Spain, and have been developed under essentially European influence. These commercial traditions present two leading characteristics of special importance to the American manufacturer; first, the adaptation of styles to Latin-American tastes, and second, the system of long-term credits.

The first point has been dwelt upon in every investigation relating to Latin-American trade. The unwillingness of the American manufacturer to study local needs has been pointed out so often as to become tiresome in reiteration. It may be true that this lack of adaptability is due to the fact that until recently the foreign market was merely a makeshift for the purpose of reducing surplus stocks in times of business depression in the United States. Whatever its course may be, the fact remains that if this market is to be enlarged, one of the first requisites is a careful study of local needs. Our expanding market in agricultural implements can be increased five-fold through a careful adaptation of such machinery to peculiar local needs. The United States can command the Latin-American shoe market if we will but adapt our styles to the peculiarities of local taste. If time permitted, this list might be increased indefinitely.

The question of long term credits is in many respects more complex, and the change in our business methods will probably be far more difficult to effect. The first step may seem to you to be trivial and unimportant, and yet it is probably the most difficult. Our trade with Latin-American countries is now managed as if every Latin-American merchant were intent on defrauding the American manufacturer. It may surprise many of you to learn that the standards of business morality are quite as high, if not higher, in Latin-America, than in the United States. This is in part attested by the fact that bankruptcy involves a degree of social obloquy unknown in the United States. The precautions against fraudulent bankruptcy are more thorough than in the United States, and the number of losses through bankruptcy are surprisingly small. In spite of these facts we treat the Latin-American merchant as if it were exceedingly hazardous to extend any credit to him. With reference to this matter of credits permit me to cite one typical instance that occurred to a friend in Buenos Aires. He is a large dealer in agricultural implements and commands practically unlimited capital. An order for over \$200,000 placed with an American firm, was not filled until payment had been made prior to shipment.

You will readily understand that the superiority of our goods over competing European products must be very great to withstand such tests, especially when European manufacturers are prepared to give sixty or ninety days credit.

It will probably be said by all of you that our present business arrangements will not permit of such credits. The only reply is that if they do not permit of such credits, we must renounce for a long time to come the share in Latin-American trade which our industrial position warrants.

Another factor of great importance is a higher standard of commercial honesty in dealing with Latin-American merchants. I do not wish for a moment to impugn the good faith of the American manufacturer. In many cases, however, he loses this fine sense of commercial honor in transactions with a foreigner, and especially with the Latin-American countries. I have seen numerous instances of a complete failure of goods to conform to the standards set forth in printed catalogues. This failure has contributed very largely toward arousing a distrust of the American manufacturer. We must realize that most of the Latin-American peoples are accustomed to receive and to demand the best products of European manufacturers, and if we are to secure their trade, we must offer them the best that we produce.

I have confined myself to the absolutely necessary changes in our management of Latin-American trade. There are minor changes upon which I might dwell, but which will naturally follow these fundamental reforms.

We are now in the midst of a period of general good-will of the South American countries toward the United States, and it is a question whether our manufacturers are sufficiently interested in this market, which is bound to expand with each year, to adapt their methods to the business requirements of these countries.

(Great applause.)

President Gettys—Speaking for the convention, I desire to thank Dr. Rowe for his very able and interesting address. We appreciate his presence here, because he changed his sailing arrangement so that he might respond to our request to greet us on this important subject. (Great applause.)

We will now have the report of the Legislative Committee, Mr. D. L. Sawyer, chairman.

Mr. Sawyer read the report of the Legislative Committee as follows:

### **Report of the Legislative Committee.**

*To the Officers and Members of the National Association of Credit Men.*

GENTLEMEN:

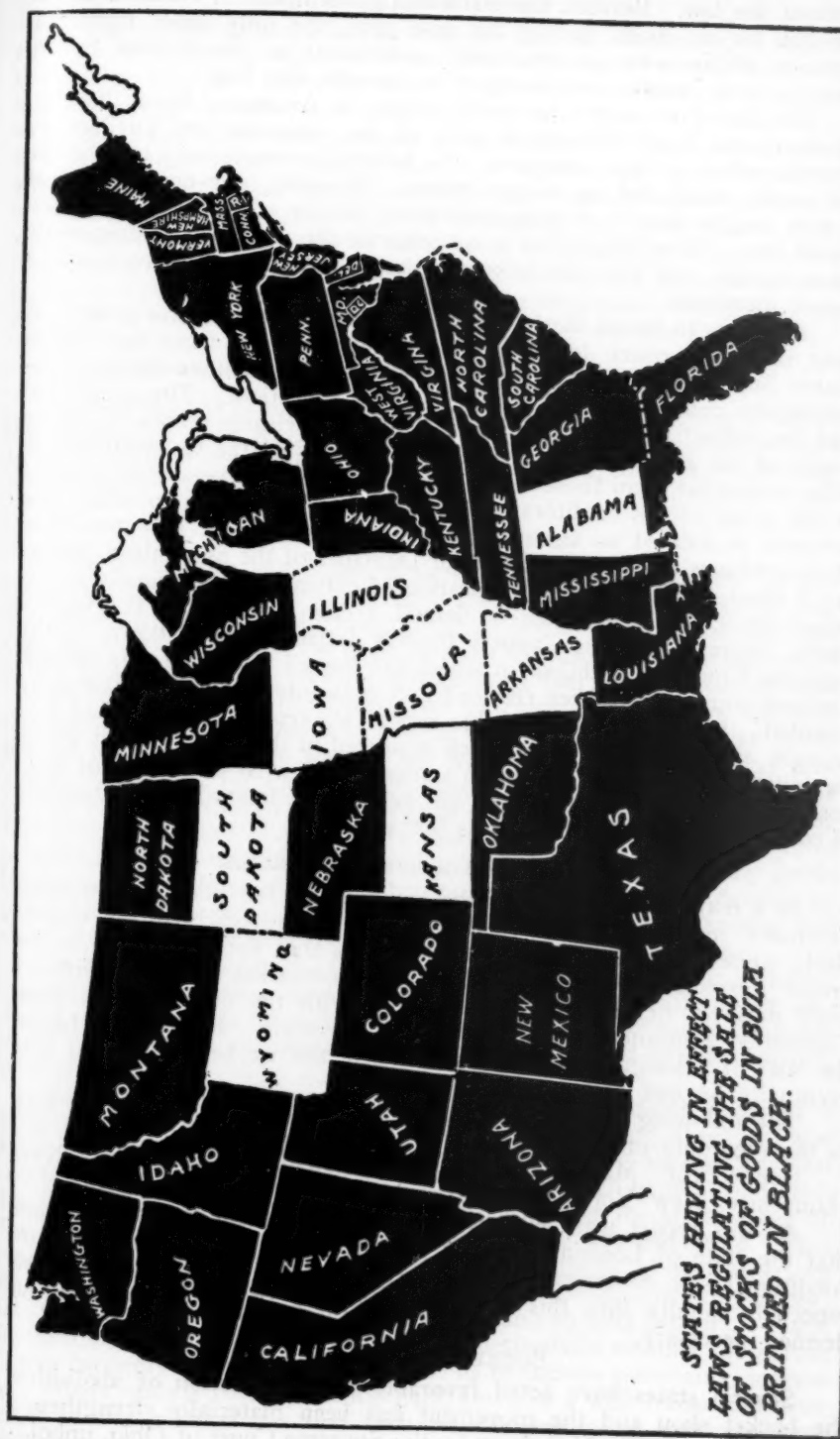
- Your Legislative Committee submits for your consideration a report reviewing briefly the result of the year's work and offers such suggestions for the future as seem advantageous.

Since the last convention legislative sessions have been held in thirty-eight states, five of which have acted favorably upon a bulk sale measure, while practically all have disposed of matters of more or less interest to the association and its members.

#### **BULK SALE LAW.**

Your Committee directed its best efforts toward having a bulk sale law enacted in the twelve states without such a law, and whose legislatures met this year. It is our pleasure to report that five of the twelve states were added to the roster, namely: Indiana, New Hampshire, Rhode Island, Texas and West Virginia. This leaves but eight states





without the law. Besides, the territorial government of Arizona placed the law on its books during the past year, the only other territorial division within what is commonly understood as the United States, namely, New Mexico, remaining to be brought into line.

We failed to secure favorable action in Arkansas, Iowa, Kansas, Missouri and South Dakota in spite of the strenuous and intelligently directed efforts of our members. We believe it unnecessary to rehearse the causes which led up to our defeat. However, our opinion is that it was largely due to a misapprehension of the effect such legislation would have. Most emphatically we reiterate the statement so frequently made in the past that the bulk sale law need give no concern to the honest merchant.

Attempts to repeal the law were successfully met in some states. A most important court decision came during the year from the United States Supreme Court which handed down a unanimous opinion sustaining the constitutionality of the law of Connecticut. The court held that the subject to which the statute relates was clearly within the police power of the state. Inasmuch as the provisions of the Connecticut law differ somewhat from those of other states, in that the vendor is required to file a list of his creditors with the clerk of the town in which the property is located as against the general requirement that notice be given creditors direct. The Board of Directors of the association, believing it good policy to have the question of constitutionality finally determined upon, has undertaken to defend a case now before the United States Supreme Court on appeal from a decision handed down by the Supreme Court of Michigan in which the law of that state was upheld. Eminent counsel have been retained and your interests will be faithfully guarded. In connection with this report we reproduce, corrected and brought up to date, the chart which appeared in the report of last year's committee. No better illustration is needed of what directness of purpose and concentration of effort can accomplish toward the betterment of conditions under which business is transacted.

#### RECORDING OF CHATTEL MORTGAGES.

In a majority of the states the law requires the filing or recording of chattel mortgages and like instruments in the office of the county clerk, while a few still cling to the old idea that the town clerk is the proper custodian of such records. The association having expressed itself in favor of having the filing done with the county clerk, your Committee continued to agitate in that direction. Efforts to change the laws of Michigan and Minnesota failed, but we believe success will eventually be met with.

The following states appear to be those where the town clerk acts as the recording official:

Connecticut, Maine, Massachusetts, Michigan, Minnesota, New Hampshire, New York, Rhode Island, Vermont and Wisconsin.

As this report was being written it was brought to our attention that the state of Louisiana has no law legalizing chattel mortgages or conditional sale contracts. We suggest that the incoming committee especially inquire into this situation and take such steps as may be deemed necessary.

#### BUCKET SHOP LAW.

Several states have acted favorably on the question of abolishing the bucket shop and the movement has been materially strengthened through a decision handed down by the Supreme Court of Ohio, upholding the constitutionality of the anti-bucket shop law of that state.

#### EXEMPTION LAWS.

Congress recognized when passing the National Bankruptcy Law the right of the states to regulate the question of property exemptions. In the opinion of your Committee there is no law upon which the states are more widely at variance, and while this has been frequently referred to by former committees there appears to have been only a spasmodic effort toward revision. That there is room for improvement none will deny, and we feel that the time has arrived when some serious movement should be made, at least in the direction of amending the law of those states where unreasonable liberality in exemptions is shown and where the law has become antiquated. What the business interests of the country need at this time is state exemption laws framed to meet conditions as they are found to-day and which shall be equally just for creditor and debtor.

#### REGISTRATION OF ASSUMED OR FICTITIOUS NAMES.

This subject is referred to only for the purpose of keeping it before the association. The legislators of several states had the matter brought to their attention during the year, but without result, so far as your Committee is informed.

#### FALSE STATEMENT LAW.

The mercantile world has always been interested in the proper punishment of persons who give false statements of their financial condition for the purpose of obtaining goods on credit. Your Committee has caused a careful investigation to be made of the laws of the various states of the Union, bearing upon the punishment of that offense, and has been in communication with the Secretaries of State and Attorney Generals throughout the country for information upon the subject. It was found that in some states there was no law which could be construed as providing punishment for making such false statements; in other states the punishment was covered by the general statutes in regard to larceny by false pretences; and in still others there were fairly complete statutes providing very elaborately for punishment, not only for obtaining goods by the use of a false statement, but providing also that the causing or procuring of others to report falsely on one's financial standing and obtaining of credit or property thereby was made grand larceny.

In brief, the laws of the United States on this subject are in a chaotic condition and present a most excellent opportunity of working for uniformity of legislation throughout the country that would make this crime in all of its forms an offense, punishable by fine or a prison sentence, or both.

Some months ago the American Bankers' Association prepared a proposed act which was, however, limited to punishing a person who knowingly made a false statement in writing respecting his own financial condition or that of any firm or corporation with which he was connected, for the purpose of procuring a loan or credit, either for his own use or for that of the firm or corporation with which he was connected. This was further limited, owing to the particular objects of the American Bankers' Association, to statements made to any person, firm or corporation engaged in banking or other business, and to note brokers. These limitations, it will be observed, render it questionable whether the phrase "other business" would be construed so as to include merchants, jobbers and others outside of the banking field, for it is a well recognized principal of the criminal law that such statutes are to be construed very strictly and in favor of the accused, where possible.

There is no question that the co-operation of the American Bankers' Association with the National Association of Credit Men would be a combination certain to win in case a campaign were to be engineered by both these bodies in favor of uniformity in the law referred to throughout the United States. The merchants and the bankers in this country, when they combine, can accomplish the passage of fair legislation, regardless of any opposition.

We would therefore suggest that if this association sees fit to devote itself to the passage of such laws it would be well to invite the assistance and support of the American Bankers' Association.

The act proposed, which we have just referred to, appears to be specially aimed at one of the loop-holes of practically all of the existing statutes upon the subject. The bookkeeper of a corporation, when he is accused of having made a false statement, attempts to escape liability for his acts upon the ground that his function was purely mechanical; that he made up his figures as the books showed, or as ordered by the officers of his corporation, and that he never obtained for himself directly or indirectly, one penny of the credit, property or money which was fraudulently secured, but that it went into the coffers of his corporate employer. In any proposed legislation that fact should be carefully safeguarded.

Various questions of law tending to free a man from the consequences of obtaining goods on false statements arise where the statement has been given to a mercantile agency perhaps months, or even years, prior to the obtaining of the credit. The mercantile agency report containing a copy of the statement is in the hands of the lender, and on the strength of it the credit is given. The borrower may not have known that the statement had been seen by the lender, and on that ground he seeks, sometimes successfully, to evade punishment. The California law in this particular is admirably adapted to cover such cases.

The question of continuing to rely upon statements given direct or through mercantile agencies, before they are corrected, is another important matter to be covered in any proposed legislation. At present it is as a rule impracticable to prove that a statement given a year or more prior to the obtaining of the goods was false at that time. Indeed one of the most ingenious methods of swindling by means of false statements is the building up of credit upon a statement originally truthful, but which, when the last amount is borrowed or credit obtained, was far from representing the existing facts.

It is a well-known fact that law makers as a class usually show a strong disposition to favor the debtor, and we are not now objecting to that attitude on their part. The proposed legislation to which we are referring has nothing whatever to do with debtors as such; it is aimed only at dishonesty and at intentional fraud. The honest debtor has nothing to fear from such a law, and the creditor can only use it where he has been literally and deliberately swindled.

This is one of the classes of legislation over which Congress has not been given any control by the Federal constitution. Therefore no Federal law can be made upon this subject which will be sustained outside of government business and the District of Columbia.

#### NATIONAL LIEN LAW.

One of many matters brought to our attention was that of a national lien law. We felt it necessary to consult counsel on this



question and the opinion furnished us makes it quite clear that this is a subject to be treated by the state legislatures in the direction of more uniformity in existing laws.

Our counsel stated that in his opinion Congress would have no right to enact such a law unless the law were confined to property forming the subject matter of interstate commerce. The Constitution in Article I, Section 8, defines the powers of Congress. By Article X, it is expressly provided that the powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people.



*Chairman Legislative Committee*

D. L. SAWYER

Tibbs, Hutchings & Company, St. Paul, Minn.

He further stated that he could find no authority in the Constitution under which Congress could declare that property within the various states of the Union should be subject to a lien, and on account of the prohibition in Article X, as explained in the preceding paragraph, Congress could not assume to itself such a power. The courts have construed the Constitution with more or less strictness and have uniformly

held that Congress could pass no laws unless expressly empowered to do so, or empowered by reason of the natural and logical intent of the Constitution.

Moreover, our counsel pointed out that it has been held by the Supreme Court of the United States that the states have absolute control over all property within their borders not subject to the interstate commerce regulations of Congress, and while he finds no case that would be considered an authority on the subject, yet reasoning purely from analogy he would say that an attempt on the part of Congress to declare a lien on property within any of the states would be considered an attempt to usurp the control and power of that state over property within its borders.

#### UNIFORMITY IN STATE LAWS.

One of the most important movements of recent years and one which deserves the support of every commercial organization and business man of the country is that which looks toward greater uniformity in state laws. The movement centers about a few public spirited men who have interested themselves to the extent of forming a commission made up of the representatives of those states whose governors have been authorized to appoint commissioners. With few exceptions these commissioners are called upon to serve without compensation, no provision being made even to defray their expenses while attending their conferences.

In the report presented by last year's legislative committee it was recommended that the association interest itself actively in the work of the commissioners and endeavor to secure the appointment of a few representative business men as members of their conference. This action was taken for the reason that the conference as now constituted is drawn entirely from the legal profession. In making this recommendation the committee made it clear that they fully understood that the burden of framing the proposed laws must be in the hands of legal talent, as good as the country provides, but it was pointed out that through the injection of business men into the conference a greater interest would be created, which eventually would lead to a better understanding on the part of the public, of the objects sought, which in turn might result in securing from the different states the financial support to which the movement is entitled.

Accordingly a letter on the subject was addressed to the governors of all the states. In the letter these three points were emphasized.

First. The necessity of each state giving the movement recognition.

Second. The advisability of the conference having a few lay commissioners in its membership.

Third. The importance of each state giving its delegates proper financial support.

Seventeen or about one-third of those addressed indicated their interest in the movement by responding; a number replied specifically to the question of representation of business men in the conference, thus encouraging us to believe that further effort on our part will receive their support; regretfully we report that the governor of one state wrote us that he would be unable to appoint delegates to *our* convention unless he could find those who would go at their own expense.

As this convention is to listen to an address by the president of the conference your Committee will set forth but briefly what the commissioners are striving for, as follows:

(1) A Uniform Negotiable Instrument Act; now upon the statute books of over thirty states and territories.

(2) A Uniform Sales Act; now in force in six states.

(3) A Uniform Warehouse Receipt Act; now a law in ten states.

(4) A Uniform Partnership Act; now in the course of drafting.

(5) A Uniform Incorporation Law; now in the course of drafting.

Your Committee entered into correspondence with the commissioners for the purpose of submitting several matters which in its opinion deserved attention, with the result that consideration of a uniform fire insurance law has been begun. While your Committee felt that all the matters it submitted were of equal importance it recognizes that the commissioners are wise in not undertaking to handle at one time too great a variety of subjects.

At the last conference of the commissioners held in Seattle, Washington, during the month of August, 1908, this association was by invitation represented by delegates. The movement is receiving the support of many organizations besides our own.

#### ODDITIES IN LAWS OF VARIOUS STATES.

Upon the statute books of North Carolina is found a "free trader's act," the effect of which is to permit a married woman, with her husband's permission, to engage in commercial pursuits. This permission must be in writing, the instrument to be filed with the county register and to bear the signature of both husband and wife. It is stated that instances have been known where married women have engaged in business without observing the formalities required by law, and as a consequence, creditors, when they sought to recover, found themselves without a remedy. We cite this instance particularly for the purpose of pointing out how necessary it is for credit men to post themselves thoroughly on certain oddities in state laws affecting credits. We recommend that steps be taken to secure the repeal of the law.

#### THE LAW'S DELAY.

The last convention adopted resolutions dealing with the question of the "law's delay," urging that legislative action be sought for the purpose of obtaining relief from an almost insufferable condition. While steps were taken in some states no general movement resulted, mainly for the reason that your chairman early learned that the American Bar Association had the question under consideration, through a committee appointed to suggest remedies and formulate proposed laws to prevent delay and unnecessary cost in litigation.

The committee of the Bar Association made a preliminary report in August, 1908, and was instructed to continue its work. It is probable that a further report will be made at the next annual meeting of that association, and if so will be available to our incoming committee.

#### LEGISLATIVE MATTERS REFERRED TO SPECIAL COMMITTEES.

Two subjects touched upon in last year's report, namely: revision of state banking laws, and the regulation of the payment of capital stock in corporate bodies, need not be commented upon here, having both been referred to special committees who will report to this convention.

#### THE ASSOCIATION'S LEGISLATIVE PROGRAM.

Many matters more or less local in their nature have been brought to our attention, and which we feel it unnecessary to discuss here. The fact that our local associations are increasing their interest in local legislative matters is encouraging.

As a Committee we have refrained from committing the association to any legislative movement which had not received your endorsement. The manner in which the association has conducted its legislative work has attracted much attention on the part of those outside our membership, and we are constantly being sought to lend our influence and the prestige we have gained toward furthering legislation of a character which cannot be construed as coming within the scope of our work. The experience of your chairman, gained after a year's service, leads him to express himself very frankly in favor of the association holding firmly to its policy, which has become, so to speak, an unwritten law.

We strongly advise, therefore, that the association's legislative efforts be confined to comparatively few subjects and that its entire force be concentrated in the same direction, thus presenting a solid phalanx in favor of protection against the fraudulent debtor.

#### BETTER COMMITTEE ORGANIZATION.

In closing your chairman takes advantage of the opportunity afforded to point out how he believes the effectiveness of the Committee's work could be increased through the application of a certain amount of system to its method of organization procedure. The Committee is composed of a chairman, one representative from each affiliated branch and one individual member from each state having no affiliated branch.

This year the Committee consisted of sixty-seven members, distributed throughout the entire United States, providing us with a splendid army for offensive and defensive purposes. In a majority of cases each affiliated branch was represented by the chairman of its legislative committee, but in a few exceptions this was not the case and instances came to your chairman's notice where there was no unity of action between local committees and the National Committee, simply for the reason that steps were not taken toward bringing about a "meeting of minds." This is to be deplored, and to overcome a like situation in the future your chairman suggests that so far as possible the National Committee be made up of the chairmen of the legislative committees of affiliated branches. The advantage of this is that it will permit both ends of the line, the National and the local, to know exactly what is going on. In states where there is more than one affiliated branch, every effort should be made to secure the solid support of all in any state work undertaken.

Again it is most important that the Chairman of the National Committee be consulted in all legislative matters, as his range of observation is wide and on this account he oftentimes is in a position to give valuable assistance and advice.

The thanks of your Committee is extended to all who have labored with it, and especially as chairman I wish to acknowledge the many courtesies which have been extended to me.

Respectfully submitted,  
D. L. SAWYER, *Chairman.*

The Committee offers for your consideration the following resolutions:

"WHEREAS, The National Association of Credit Men has both in and out of these annual conventions stood consistently for  
Laws regulating the sale of stocks of goods in bulk,  
Laws regulating the operation of bucket shops,  
Laws requiring the filing of chattel mortgages in the office of a county official,



Laws requiring the registration of the true name where an assumed or fictitious name is used for business purposes, and State exemption laws which embody principles of fairness alike to creditor and debtor; therefore, be it

*"Resolved, That, at this fourteenth annual convention, we reaffirm each and every action taken by previous conventions looking to the advancement of these laws and pledge our loyal support to the committee whose duty it is to undertake their adoption;*

*"Resolved, That the Legislative Committee for the coming year be urged to carry forward vigorously the work for these laws which has been so ably begun and so successfully prosecuted by previous committees."*

*"WHEREAS, There has been proposed by the American Bankers' Association, a bill providing for the punishment of those making or using a false statement for the purpose of obtaining credit and*

*"WHEREAS, The bill as drafted appears to apply particularly to statements made to banking institutions and is likely to be so construed by the courts, therefore, be it*

*"Resolved, That the Chairman of the Legislative Committee be and he is hereby requested to communicate with the officials of the American Bankers' Association to the end that their bill may be redrafted, thus affording protection alike to the banking and mercantile interests, and be it further*

*"Resolved, That we pledge to the American Bankers' Association our cordial and active co-operation towards securing the passage of such a bill."*

*"WHEREAS, The Legislative Committee has had its attention repeatedly called to the chaotic condition of the lien laws of the various states, which because of their diversity and frequently also because of the unjust conditions that they impose, act to a certain extent as a retardent to free interstate transactions, and*

*"WHEREAS, It is recognized that revision and amendment must come through state and not federal legislation, therefore, be it*

*"Resolved, That the incoming committee on legislation be asked to make a careful study of the lien laws of the principal commercial states of the Union, taking such steps as it deems proper to assimilate and improve them."*

*"WHEREAS, It is generally recognized that there is a deep-seated necessity for uniform legislation throughout the states of the Union, due to their ever increasing social and commercial inter-relations, and*

*"WHEREAS, Through the efforts of the American Bar Association, this necessity has been wisely met by the formation of the Commission on Uniform State Laws, whose members are appointed by the governors of the various states, and*

*"WHEREAS, Through the dignity given to this body by its manner of appointment, and more especially because of the wisdom and devotion with which the commissioners have labored, most gratifying progress toward uniformity in state legislation has already been attained, and*

*"WHEREAS, The interests of this organization of the credit men of the United States, formed to improve conditions under which credit is extended throughout the breadth of the land, run parallel with the purposes of the Commissioners on Uniform State Laws, at least so far as they relate to trade regulation, therefore, be it*

*"Resolved, That the National Association of Credit Men in convention assembled, expresses its complete accord with the plans and*

purposes of the Commissioners on Uniform State Laws, and faithfully pledges its support to the commissioners in their efforts to secure before the legislatures of the various states, the adoption of the business measures which they perfect and propose."

"WHEREAS, There are frequently brought before your legislative committees oddities or irregularities in the state laws which offer loopholes for those who wish to evade the payment of their just debts, and

"WHEREAS, There has been called to the attention of this Committee, a North Carolina statute known as the 'Free Trader's Law,' which appears to your Committee to be pernicious in its provisions, be it



*Director*

W. L. FOX

Buffalo Forge Company, Buffalo, N. Y.

*"Resolved,* That the incoming legislative committee be asked to investigate into the workings of the North Carolina 'Free Trader's Act' and take such action with reference thereto as may seem to it advisable, and be it further

*"Resolved,* That our members be urged to call to the attention of the Committee, unusual state regulations which affect credit transactions adversely, in order that steps may be taken to revise or abolish them."

"WHEREAS, It is manifestly desirable that commercial disputes, when referred to the courts for adjustment, should be concluded with no more delay than is necessary to enable the courts to give due consideration thereto, and

"WHEREAS, In many jurisdictions the early trial and determination of commercial and other cases is prevented by the lack of a sufficient number of courts to handle the volume of business, by the existing limits to the jurisdiction of inferior courts, by the possibility of numerous and unnecessary appeals and by cumbersome, expensive and delay-causing methods of procedure, be it

"Resolved, That the incoming legislative committee be asked to take part in any legitimate movement started for the purpose of obtaining relief from the conditions complained of."

The following is offered at the suggestion of the Cleveland association:

"Resolved, That the incoming legislative committee be requested to secure the amending of the bulk sale law of those states which do not provide that notice shall be sent direct to all creditors."

President Gettys—The report of the Legislative Committee has been received. The secretary will read the first resolution for your adoption or rejection.

Secretary Meek—The first resolution is as follows:

"WHEREAS, The National Association of Credit Men has both in and out of these annual conventions stood consistently for

Laws regulating the sale of stocks of goods in bulk,

Laws regulating the operation of bucket shops,

Laws requiring the filing of chattel mortgages in the office of a county official,

Laws requiring the registration of the true name where an assumed or fictitious name is used for business purposes, and

State exemption laws which embody principles of fairness alike to creditor and debtor; therefore, be it

"Resolved, That, at this fourteenth annual convention, we reaffirm each and every action taken by previous conventions looking to the advancement of these laws and pledge our loyal support to the committee whose duty it is to undertake their adoption;

"Resolved, That the Legislative Committee for the coming year be urged to carry forward vigorously the work for these laws which has been so ably begun and so successfully prosecuted by previous committees."

Mr. W. P. Peter, Dallas—I move the adoption of the resolution as read.

Motion seconded.

Mr. A. H. Foote, St. Louis—I move that the following words be inserted at the end of the second line, after the words "consistently for," namely, "a national bankruptcy law," and also these words, "laws imposing a penalty for the giving of a false statement for the purpose of obtaining credit."

Motion seconded and carried.

The resolution as amended was then unanimously carried.

The secretary then read the next resolution as follows:

"WHEREAS, There has been proposed by the American Bankers' Association, a bill providing for the punishment of those making or using a false statement for the purpose of obtaining credit, and

"WHEREAS, The bill as drafted appears to apply particularly to statements made to banking institutions and is likely to be so construed by the courts, therefore, be it

*"Resolved,* That the Chairman of the Legislative Committee be and he is hereby requested to communicate with the officials of the American Bankers' Association to the end that their bill may be redrafted, thus affording protection alike to the banking and mercantile interests, and be it further

*"Resolved,* That we pledge to the American Bankers' Association our cordial and active co-operation toward securing the passage of such bill."

Mr. J. H. Kentnor, St. Louis—I move the adoption of the resolution. Seconded and carried.

Secretary Meek—The next resolution is as follows:

"WHEREAS, The Legislative Committee has had its attention repeatedly called to the chaotic condition of the lien laws of the various states, which because of their diversity and frequently also because of the unjust conditions that they impose, act to a certain extent as a retardant to free interstate transactions, and

"WHEREAS, It is recognized that revision and amendment must come through state and not federal legislation, therefore, be it

*"Resolved,* That the incoming committee on legislation be asked to make a careful study of the lien laws of the principal commercial states of the Union, taking such steps as it deems proper to assimilate and improve them."

Mr. Wade Millis, Detroit—I move the adoption of the resolution as read.

Seconded, unanimously carried and adopted.

Secretary Meek—The next resolution is as follows:

"WHEREAS, It is generally recognized that there is a deep-seated necessity for uniform legislation throughout the states of the Union, due to their ever increasing social and commercial inter-relations, and

"WHEREAS, Through the efforts of the American Bar Association, this necessity has been wisely met by the formation of the Commission on Uniform State Laws, whose members are appointed by the governors of the various states, and

"WHEREAS, Through the dignity given to this body by its manner of appointment, and more especially because of the wisdom and devotion with which the commissioners have labored, most gratifying progress toward uniformity in state legislation has already been attained, and

"WHEREAS, The interests of this organization of the credit men of the United States, formed to improve conditions under which credit is extended throughout the breadth of the land, run parallel with the purposes of the Commissioners on Uniform State Laws, at least so far as they relate to trade regulation, therefore, be it

*"Resolved,* That the National Association of Credit Men in convention assembled, expresses its complete accord with the plans and purposes of the Commissioners on Uniform State Laws, and faithfully pledges its support to the commissioners in their efforts to secure before the legislatures of the various states, the adoption of the business measures which they perfect and propose."

Mr. J. W. Spangler, Seattle—I move the adoption of the resolution. Seconded by Mr. A. J. Hoefner, of Buffalo.



Mr. Wm. Crane Andrews, New York—I move as an amendment that a copy of this resolution be sent to the American Bar Association and to the Commissioners on Uniform State Laws.

The resolution as amended was adopted, the additional clause reading as follows:

*“Resolved, That a copy of this resolution be sent to the American Bar Association and to the Commissioners on Uniform State Laws.”*

Secretary Meek—The next resolution is as follows:

*“WHEREAS, There are frequently brought before your legislative committees oddities or irregularities in the state laws which offer loopholes for those who wish to evade the payment of their just debts, and*

*“WHEREAS, There has been called to the attention of this committee, a North Carolina statute known as the ‘Free Trader’s Law,’ which appears to your Committee to be pernicious in its provisions, be it*

*“Resolved, That the incoming Legislative Committee be asked to investigate into the workings of the North Carolina ‘Free Trader’s Act’ and take such action with reference thereto as may seem to it advisable, and be it further*

*“Resolved, That our members be urged to call to the attention of the Committee, unusual state regulations which affect credit transactions adversely, in order that steps may be taken to revise or abolish them.”*

Mr. J. Edgar Wylie, Baltimore—This resolution especially refers to North Carolina as being the only state where such a statute exists; but we who do business in the South have run up against the same statute in the states of Alabama and Florida, and it seems to me it would be pertinent to refer in this resolution to them and I would like to offer that as an amendment.

Seconded and carried.

Resolution as amended was adopted unanimously, and reads as follows:

*“WHEREAS, There are frequently brought before your legislative committees oddities or irregularities in the state laws which offer loopholes for those who wish to evade the payment of their just debts, and*

*“WHEREAS, There has been called to the attention of this Committee the North Carolina statute known as the ‘Free Trader’s Law,’ as well as similar statutes in the states of Alabama and Florida, which appear to your Committee to be pernicious in their provisions, be it*

*“Resolved, That the incoming Legislative Committee be asked to investigate into the workings of the North Carolina ‘Free Trader’s Act’ and similar statutes in Alabama and Florida, and take such action with reference thereto as may seem to it advisable, and be it further*

*“Resolved, That our members be urged to call to the attention of the Committee unusual state regulations which effect credit transactions adversely, in order that steps may be taken to revise or abolish them.”*

Secretary Meek—The next resolution is as follows:

*“WHEREAS, It is manifestly desirable that commercial disputes, when referred to the courts for adjustment, should be concluded with no more delay than is necessary to enable the courts to give due consideration thereto, and*

"WHEREAS, In many jurisdictions the early trial and determination of commercial and other cases is prevented by the lack of a sufficient number of courts to handle the volume of business, by the existing limits to the jurisdiction of inferior courts, by the possibility of numerous and unnecessary appeals and by cumbersome, expensive and delay-causing methods of procedure, be it

"Resolved, That the incoming Legislative Committee be asked to take part in any legitimate movement started for the purpose of obtaining relief from the conditions complained of."

Mr. E. H. Dyer, St. Louis—I move the adoption of the resolution. Seconded.

Mr. Arthur Parsons, Salt Lake City—I notice that this resolution asks the incoming committee to take part in any legislative movement started for the purpose of obtaining relief from the conditions complained of. May I ask, where do we anticipate such a movement will originate if not with this body of men?

President Gettys—Will the chairman of the Committee answer the gentleman's question?

Mr. D. L. Sawyer—May the question be repeated.

Mr. Parsons—I called attention to the fact that the resolution asked the incoming committee to give support to any legitimate movement started for the purpose of obtaining relief from the conditions complained of, and I ask where we anticipated such a movement would be initiated if not by this body of men. Do any of the delegates know of any contemplated action in this regard?

Chairman Sawyer—It is supposed these matters will be referred to the chairman of the Legislative Committee and initiated there.

Q. In our own Committee?

A. Yes.

Q. Would it not be better to word it: "Resolved that the incoming Legislative Committee be asked to take steps for the purpose of obtaining relief from the conditions complained of—take such steps as in their judgment might be necessary."

A. The resolution might be amended.

President Gettys—You will notice on page 11 that there has been a movement reported by the American Bar Association looking to the same end.

Mr. G. L. Irvin, Baltimore—The initiative has been taken by the establishment of the municipal court in Chicago, and any one who will read the last number of *The Outlook* will find a most interesting account of what has been accomplished by the establishment of that court in getting speedy settlement of disputes and thereby rendering great service to credit men, and reducing the number of bankruptcy cases.

Mr. Parsons—I accept the gentleman's explanation. If there is a movement already on foot, I will be pleased to vote for the resolution that the committee presents.

Unanimously adopted.

Secretary Meek—The next resolution is as follows:

"Resolved, That the incoming legislative committee be requested to secure the amending of the bulk sale law of those states which do not provide that notice shall be sent direct to creditors.

Mr. D. F. Williams, Dallas—I move the adoption of the resolution as read.

Seconded.

Mr. Max Silberberg, Cincinnati—Is it not a fact that the only bulk law that has come before the United States Supreme Court was that of Connecticut and it was declared constitutional. Now, would it not be better to follow that decision. Let us pattern after a law that has been declared constitutional by the United States Supreme Court.

Mr. E. S. Murphy, St. Louis—I agree with Mr. Silberberg. I think this resolution should not prevail. The statute of Connecticut is about the only statute that would be changed as a consequence of our adopting this resolution. At any rate we had better wait until we get a decision on the Michigan law before changing the only one that has been upheld by the United States Supreme Court.

Mr. F. H. Randel, Cleveland—This resolution originated in Cleveland and came up in connection with a sale where everything was cleaned up before we knew of it, notice being filed with the county clerk or recorder or who ever it was, and after a thorough discussion we thought that it would be appropriate to bring the matter before the convention to see what the members thought about it in a general way. Mr. Silberberg's idea, I believe, is a good one, and with your permission I am going to offer an amendment to the resolution, to read as follows:

*"Resolved, That the incoming legislative committee be requested to investigate the advisability of securing an amendment to the bulk sale law in those states which do not provide that the notice shall be sent direct to creditors."*

President Gettys—You offer that as a substitute for the original resolution?

A. Yes.

President Gettys—Before putting that question I wish to say that a little misapprehension seems to have grown out of the Supreme Court decision, and I will ask Secretary Meek to explain one or two points about it:

Secretary Meek—The law of the state of Connecticut held to be constitutional by the United States Supreme Court, provides that the seller of a stock of goods must post or file in the office of the town clerk a list of his creditors. This same provision is contained in the law of the state of California, and in the law of perhaps one or two other states; if you will read the decision you will see very clearly that it does not hinge at all upon the method used as to whether a notice is filed in the office of any official or is sent direct to creditors.

The decision of the court summed up, is simply this, that it is within the police power of the legislature of any state to regulate such transactions. Our counsel in considering the decision of the United States Supreme Court in connection with the Michigan case which has been referred to, gave it as their opinion that the question of constitutionality is decided and that the law requiring the notice to creditors direct is just as constitutional as the law of the state of Connecticut.

Mr. Max Silberberg, Cincinnati—The Cleveland people having amended their resolution, there is really nothing before this body, but as a matter of information to the incoming legislative committee, I will state that the first bulk sale law enacted in the state of Ohio was declared unconstitutional, and this very notice that our secretary lays great stress upon, was named in the syllabus as one reason for declaring it unconstitutional. The fact that the present bulk sale law of Ohio, has the same requirement, namely, that the seller is to file notice with the recorder of the county, and having been advised by the

best legal talent, not alone in the state of Ohio, but elsewhere, that that is the proper way, leads me to urge that we favor that method of procedure.

Mr. F. H. Randel, Cleveland—I might say to Mr. Silberberg that there are many of us doing business outside of the state of Ohio, and whereas our Supreme Court has declared the first bulk sale law unconstitutional on the ground mentioned by Mr. Silberberg, that does not mean that the Supreme Courts of other states are going to declare the law unconstitutional for the same reason, and if the constitutionality of the law is not to be impaired by this, more satisfactory provision for giving notice direct, that is what we want.

Mr. Silberberg—But the only law that so far has been declared constitutional by the United States Supreme Court is the Connecticut law. Now, why not pattern after it?

President Gettys—The question before the convention is the resolution offered by Mr. Randel of Cleveland.

Mr. R. E. Bramlett, Dallas—The gentleman from Ohio speaks only of the state of Ohio. It seems to me in view of the statement of the secretary who has said that the Supreme Court of the United States in passing on this statute passed over this question entirely, that we might pass the resolution and add to it that notice be sent both to the creditors and also that it would be recorded with the proper county officer. Then we certainly would not take anything away from it or add anything to it that would mar its constitutionality. Now, I live in a country where to record a notice would have the same effect as throwing it in the river. The mercantile agencies do their best no doubt, but frequently we have mortgages filed and other instruments recorded in the Southwest that a man thirty miles away would not hear of, and if we took away the clause in reference to notice, we might as well have no bulk sale law in Texas, and I would like to see the original resolution, as read, passed.

Mr. M. H. Smith, Springfield, Mass.—I should dislike to see the resolution changed from the original. I have had experience in both Massachusetts and Connecticut with the law, and I have not heard that the Supreme Court or any other court has held the Massachusetts law unconstitutional. In Massachusetts the creditors must be notified direct, while in the state of Connecticut notice is filed with a town officer. It is all very well for a town official to get the notice, but as our friend from Texas has already said, what we want is to get our information direct rather than depend upon someone else to give it to us.

Mr. A. H. Foote, St. Louis—We cannot get in every legislative body just what we want. We have got to get in the entering wedge, and may afterwards secure what we ought to have. I do not see any harm in adopting the resolution as changed. Investigation will be a good thing. This little talk here will help the committee, and I think we had better adopt the resolution as amended by Mr. Randel.

President Gettys—The question is on the substituted resolution.

Mr. Rosson, Baltimore—I move that we amend the substitute by the adoption of the resolution as originally submitted. As far as I am personally concerned I cannot see what benefit we can have from a bulk sale law unless it protects creditors. We know very well that we have failures constantly, and that we do not receive notice of them in time to protect our interests, therefore we cannot expect that within a reasonable length of time the agencies or other information gatherers



will inform us of intended sales in time for us to act. I do not believe myself, although I am not an attorney, that the Supreme Court would object to a provision, the object of which is to protect people who are interested, and so far as I am concerned I favor the motion as it originally read.

Seconded.

President Gettys—the question is on the amendment.

Carried.

President Gettys—Are you ready for the resolution as printed?

Resolution unanimously adopted as printed.

Mr. Max Silberberg, Cincinnati—Regarding some changes in the style of printing the committee reports, I have a motion to make which is that the lines on every page be numbered consecutively, so that when anyone offers an amendment, he could refer to page 14, line so and so after the word so and so.

President Gettys—That question has been discussed, and I will ask the secretary to explain.

Secretary Meek—The matter has been brought up in conventions prior to this. So that you may know exactly how we operate, I will state that the reports are set up, and the composition is kept standing to be used in the monthly bulletin. The printers claim that in case anything of that kind was attempted, that the repaging would require the type to be reset. It is simply in the interests of economy that the present plan is followed.

Mr. Max Silberberg, Cincinnati—Then I understand that my proposition is not practicable.

Secretary Meek—It is impracticable.

Mr. Silberberg—Then I withdraw my motion.

President Gettys—We will now receive the report of the Committee on Bankruptcy Law, Mr. O. G. Fessenden, of New York, chairman.

(Applause.)

The report was then read by Mr. Fessenden as follows:

### **Report of the Committee on Bankruptcy Law.**

*To the Officers and Members of the National Association of Credit Men.*

GENTLEMEN:

In the report submitted to last year's convention you were advised fully as to the committee's efforts in the direction of securing the passage of certain amendments to the National Bankruptcy Act. We feel, therefore, that it is unnecessary to do more than refer briefly to what occurred in bankruptcy legislation prior to the second session of the Sixtieth Congress which convened in December, 1908.

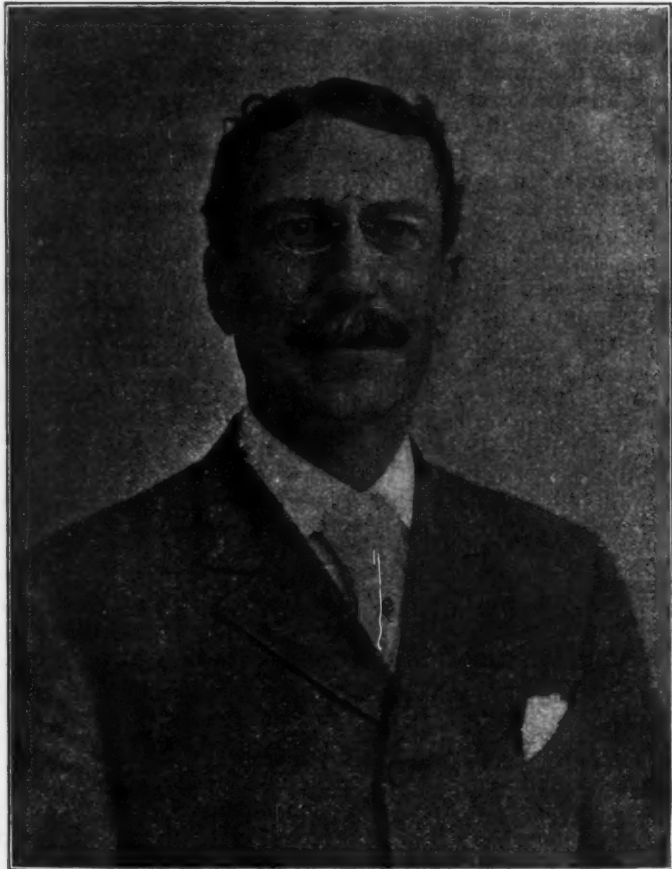
The bill known as the Sherley Bill was introduced by the Hon. Swagar Sherley, of Kentucky, during the first session of the Sixtieth Congress. The Judiciary Committee failed to report it before adjournment, but the bill retained its position upon the calendar of that committee, which gave it early consideration by the House at its next session.

Congressman Sherley was able to secure consideration for our bill February 6, 1909, but only after agreeing that those in favor of repealing the law should first be given the opportunity to be heard on their bill for repeal.

Several days before that your chairman and Secretary Meek visited Washington and spent some time calling upon members of Congress. The day before the votes were taken they were joined by representatives

of the Buffalo, Baltimore, Cleveland, Lynchburg, Newark, Pittsburgh, Rochester and Syracuse associations, and a systematic canvass of the members of the House was made.

On February 6, 1909, after two hours of debate, the House, by a vote of 182 to 111 defeated the repeal bill and proceeded to consider the amendments contained in the Sherley Bill. This bill was finally passed by a substantial majority. Incidentally it is worthy of mention that the vote against the repeal was greater than that cast when the same question had come up for consideration in the past.



*Chairman Committee on Bankruptcy Law*

OLIVER G. FESSENDEN

Hayden W. Wheeler & Company, New York, N. Y.

As soon as the bill reached the Senate your chairman called upon the chairman of the Judiciary Committee of that body, who stated that he would appoint a special committee to consider it. After some delay the committee was named, but in spite of all the pressure which was brought to bear two of its members failed to attend meetings called by the chairman of the sub-committee, thus preventing a quorum. The result was that the Sixtieth Congress adjourned without taking final action, which compelled us to begin all our work over again with the present Congress.

Your chairman was in Washington constantly during the last two weeks of the session and it is a great personal disappointment that he is obliged at this time to acknowledge his failure to accomplish your wishes as expressed at the last convention.

During the first days of the extra session of the Sixty-first Congress there appeared to be considerable doubt as to whether any business would be taken up other than that for which the session was specially called. Consequently your chairman had the Sherley Bill introduced into the Senate. The outlook at present is that there will have been no advantage in this and that we shall have to begin the work over again in December.

It is unnecessary to discuss the Bankruptcy Law as a general proposition. We have become thoroughly acquainted with its workings. We appreciate the fact that while it remains in effect it is a standing guarantee to all creditors of an equal share in the estate of a bankrupt, and as a secondary advantage, to which this association is giving special attention, it affords the means of forcing the fraudulent debtor to disgorge, and of visiting punishment upon him. We must continue our support of the law, using every effort not only to bring it as near to the point of perfection as possible, but also to assist those charged with its administration by meeting fully the duties it imposes upon us.

The bankruptcy law owes its existence to the framers of the Constitution who foresaw the day when we should become a great commercial nation which would know no state lines as to commerce.

In closing we take occasion to thank those who sustained us in our fight, not only the men in public life, but the great army of business men who believe in a square deal. We have a word in the way of suggestion to offer some of our local associations. The attitude taken by some Congressmen at the time the bankruptcy measures were before Congress convinces us that many are in need of enlightenment. Each local association has been furnished with an analysis of the vote as cast by the Congressmen from its State. Those Congressmen who opposed us and who will have the opportunity to do so again should be brought to a realization of the fact that a bankruptcy law is as much to the interest of the debtor as to the creditor class.

While the position of this organization is unequivocal before the business world and needs no repetition here to make it any firmer, nevertheless we present again for your action, mainly to get them on the record, the resolutions submitted to the last convention by the committee and unanimously adopted by that body:

"WHEREAS, The act commonly known as the Bankruptcy Act has now been in force for the period of nearly ten years, during which time this association has watched, with great care, its operation and administration throughout the entire country, and, through its officers has made careful study of the decisions of the courts and the actions of the referees in its application and of the benefits accruing therefrom; and

"WHEREAS, After such careful study, and a comparison of the present conditions in the commercial world with those formerly existing under similar laws, it is the sense of this association that the present law while not entirely perfect is of great advantage to the business world generally; now, therefore, be it

"Resolved, That this association does unqualifiedly signify its approval of the present Bankruptcy Act as the best law yet obtained; and be it further

"Resolved, That the association pledges its influence and support to any movement that may be undertaken by any body, commercial or other-

wise, for the improvement of said law by amendment or for the improvement of the administration thereof; and be it further

*"Resolved, That the officers of this association be authorized and empowered, for and on behalf of the association, to combat any movement that may be undertaken for the repeal or the abolition of the present Bankruptcy Act."*

Respectfully submitted,

JOHN LANDSTREET,  
J. F. JORDAN,  
MAX SILBERBERG,  
H. E. CHOATE,  
O. G. FESSENDEN, *Chairman.*

President Gettys—The report of the Bankruptcy Law Committee has been received and the secretary will read the resolution.

The secretary then read the resolution as follows:

*"WHEREAS, The act commonly known as the Bankruptcy Act has now been in force for the period of nearly ten years, during which time this association has watched, with great care, its operation and administration throughout the entire country, and through its officers has made careful study of the decisions of the courts and the actions of the referees in its application and of the benefits accruing therefrom; and*

*"WHEREAS, After such careful study, and a comparison of the present conditions in the commercial world with those formerly existing under similar laws, it is the sense of this association that the present law while not entirely perfect is of great advantage to the business world generally; now, therefore, be it*

*"Resolved, That this association does unqualifiedly signify its approval of the present Bankruptcy Act as the best law yet obtained; and be it further*

*"Resolved, That the association pledges its influence and support to any movement that may be undertaken by any body, commercial or otherwise, for the improvement of said law by amendment or for the improvement of the administration thereof; and be it further*

*Resolved, That the officers of this association be authorized and empowered, for and on behalf of the association, to combat any movement that may be undertaken for the repeal or the abolition of the present Bankruptcy Act."*

Mr. O. G. Fessenden, of New York, moved the adoption of the resolution, and Mr. Howard Marshall, of New York, seconded it.

Unanimously carried.

President Gettys—Are there any further resolutions under the head of "Open Parliament," concerning bankruptcy law?

Mr. M. H. Moise, Louisville—I move that the association send a telegram to Congressman Sherley of Louisville, thanking him in the name of the National Association for his splendid efforts in behalf of the Sherley bill before Congress.

President Gettys—Let me suggest that before the motion is put or comes before the convention that Congressman Sherley is going to visit us on Friday, and we will have an opportunity to thank him in person. (Applause.)

Mr. Moise—I will withdraw the motion.



President Gettys—If there is nothing more pertaining to this committee, we will pass to the report of the Membership Committee, Mr. J. H. Scales, chairman. (Applause.)

Mr. Scales then read the report of the Membership Committee as follows:

### Report of the Membership Committee.

GENTLEMEN:

During the year that has passed, your Committee endeavored to keep in mind that it was the "Recruiting Office" for the great army of business men which our association represents; that upon its activity largely depended the growth and increased influence of the association. While the results obtained were not all we hoped to accomplish, we feel some gratification in being able to report that since the last convention the growth has been such as to require not only five figures to express the total enrollment, but that the changed figures include a jump of over a thousand, and the total increase has exceeded that of any other year since the National Association was organized, with the exception of one year.

We began work early in October, and have issued three general letters, besides many direct or special communications. First, we recommended the early organization of local membership committees, with as large a membership as possible. Second, the compilation of a list of all prospective or eligible members and the assignment of such names to sub-committees or teams, for solicitation. Also that these names be furnished the National office for follow-up purposes, and that desirable literature might be sent. The responses to this letter were generally gratifying and many of the local associations began work in earnest. In February another letter was sent out urging activity on the part of the local committees and suggesting the holding of regular meetings to keep the members interested.

Too much stress cannot be laid upon the importance of frequent meetings. In addition to the formal gatherings, as heretofore practiced, a number of the local associations have instituted weekly noonday meetings—using merely a popular priced luncheon at some convenient hotel or club, as a means for bringing out the membership. These meetings, generally, have been successful, and seem to be growing in favor. We heartily recommend an extension of the plan, as one of the best means for promoting more intimate acquaintance among the members and increasing interest in local credit matters.

A statement is herewith submitted showing the membership of the local associations as presented to the 1908 convention, compared with that on our records to-day:

	June 1, 1908.	June 1, 1909.
Atlanta, Ga. ....	76	100
Baltimore, Md. ....	411	428
Birmingham, Ala. ....	48	48
Boise, Idaho ....	20	22
Boston, Mass. ....	176	195
Buffalo, N. Y. ....	205	265
Butte, Mont. ....	35	33
Cedar Rapids, Iowa ....	.....	23
Charleston, W. Va. ....	33	41
Chicago, Ill. ....	544	678
Cincinnati, Ohio ....	204	230
Cleveland, Ohio ....	707	684

	JUNE 1, 1908	JUNE 1, 1909.
Columbus, Ohio .....	200	210
Dallas, Texas.....	94	91
Decatur, Ill. ....	....	31
Denver, Colo. ....	181	178
Des Moines, Iowa .....	59	49
Detroit, Mich. ....	180	236
Duluth, Minn. ....	57	71
El Paso, Texas .....	46	31
Fargo, N. D. ....	31	30
Fort Smith, Ark. ....	....	28
Fort Worth, Texas .....	92	97
Grand Rapids, Mich. ....	197	228
Houston, Texas .....	55	52
Indianapolis, Ind. ....	64	73
Jacksonville, Fla. ....	29	22
Kansas City, Mo. ....	117	143
Lexington, Ky. ....	28	25
Lincoln, Neb. ....	43	39
Little Rock, Ark. ....	40	38
Los Angeles, Cal. ....	118	91
Louisville, Ky. ....	125	135
Lynchburg, Va. ....	19	36
Memphis, Tenn. ....	105	181
Milwaukee, Wis. ....	190	243
Minneapolis, Minn. ....	123	169
Montgomery, Ala. ....	41	41
Nashville, Tenn. ....	114	114
Newark, N. J. ....	186	252
New Orleans, La. ....	129	147
New York, N. Y. ....	661	662
Norfolk, Va. ....	36	34
Oklahoma City, Okla. ....	59	94
Omaha, Neb. ....	59	68
Philadelphia, Pa. ....	494	515
Pittsburgh, Pa. ....	440	593
Portland, Ore. ....	102	160
Pueblo, Colo. ....	....	33
Richmond, Va. ....	128	126
Rochester, N. Y. ....	197	229
St. Joseph, Mo. ....	63	73
St. Louis, Mo. ....	476	412
St. Paul, Minn. ....	117	175
Salt Lake City, Utah .....	91	96
San Antonio, Texas .....	31	31
San Diego, Cal. ....	18	29
San Francisco, Cal. ....	158	203
Savannah, Ga. ....	53	42
Seattle, Wash. ....	86	159
Sioux Falls, S. D. ....	11	10
Spokane, Wash. ....	87	84
Syracuse, N. Y. ....	44	96
Tacoma, Wash. ....	....	41
Toledo, Ohio .....	111	109
Wichita, Kan. ....	65	75
Youngstown, Ohio .....	85	109

9. Finally, in order that we might not miss our calculations, we issued an appeal in April for a special movement, covering a period of one week and this last effort brought the membership up to the total figure which it is our pleasure to report:

The number reported June 1, 1908, was:

Organized .....	8,931
Individual .....	860
Total .....	9,791

On June 1, 1909, we report:

Organized .....	10,076
Individual .....	1,109
Total .....	11,185
A net increase, organized.....	1,145
A net increase, individual.....	249
Total increase .....	1,394

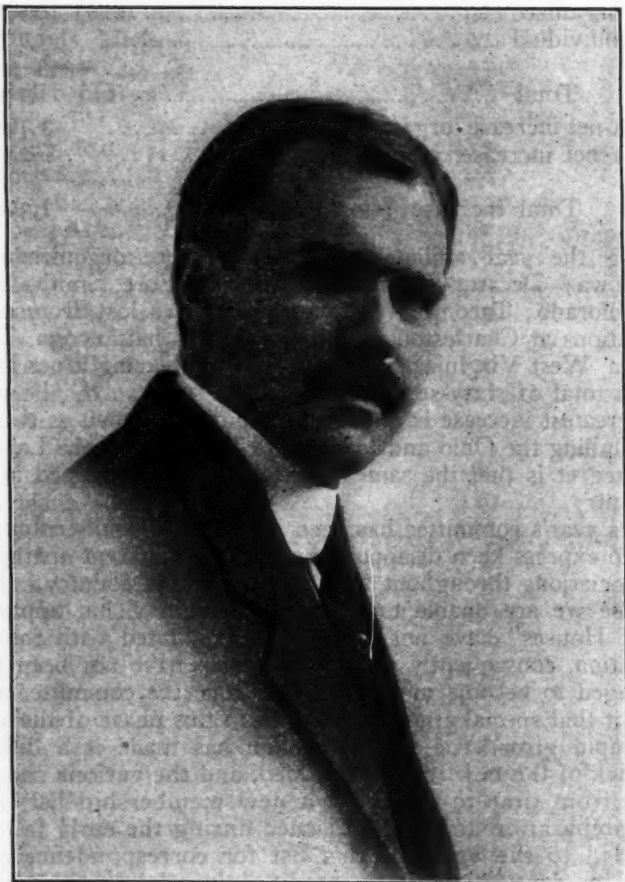
During the year affiliated associations were organized at Cedar Rapids, Iowa; Decatur-Springfield, Illinois; Fort Smith, Arkansas; Pueblo, Colorado; Tacoma, Washington; and we lost from our roster, the associations at Charleston, South Carolina; Chattanooga, Tennessee; Huntington, West Virginia; Sioux City, Iowa; leaving a net increase of one with a total of sixty-seven.

The greatest increase is in what is popularly known as the "Middle-West," including the Ohio and Mississippi Valleys, and the Lake Region. The only regret is that the same interest has not developed in all parts of the country.

As this year's committee has been located in a southern city we feel at liberty to express keen disappointment in the apparent apathy of some of the associations throughout that section of the country. Just what is the cause we are unable to determine definitely, but apparently the "Heads of Houses" have not been fully acquainted with the work of the association, consequently many credit men have not been permitted or encouraged to become members. We hope the committee next year will see to it that special attention is given to this phase of the work.

The rapid growth of the association has made it a difficult task to keep track of the new members added, and the various changes that take place from time to time, but a new membership list is now in course of preparation and will be issued during the early fall. Attention is called to the value of this list for correspondence purposes, especially in connection with credit information, and its value increases yearly in proportion to the growth of the association. Many of the difficulties encountered in compiling this list could be avoided and more accuracy assured if the National office were advised promptly of new members added and changes in the names of firms and their representatives as they occur. We venture the opinion that quite a percentage of secretaries are negligent about this feature of their work, and we urge upon all such to help the National office by making these reports promptly. By doing this the local organizations also will be benefited, for it will insure the prompt delivery of the BULLETIN and other literature to the new members, as well as saving the association considerable expense in sending out matter from which no benefit can be derived.

Recently the National office provided a handsome certificate of membership for distribution among the new members. It is a reproduction in bronze of the association's emblem. We recommend the adoption by each affiliated association, of a similar certificate, giving it some individuality if desired. In line with this we also refer to the recommendation made by a former membership committee, viz: that so far as possible the affiliated associations use a uniform style of name similar to that of the National Association. We endorse and repeat that recommendation and also urge the use of stationery, uniform in style, particularly with reference to the national emblem, which would be an evidence of genuineness,



*Chairman of Membership Committee*

J. H. SCALES

Belknap Hardware & Manufacturing Company, Louisville, Ky.

and enable the members to readily distinguish between organizations allied with the National Association and so-called credit men's associations having no connection with it.

Our attention has been called to the efforts of a certain mercantile agency in attempting to form an alliance with some of the affiliated branches. In one or two instances it has succeeded and now advertises itself as the official reporting and adjusting bureau of those associations.



In the opinion of your Committee such an arrangement is contrary to the spirit of the association and endangers its welfare. It tends to create the impression upon the unthinking that the National Association of Credit Men has given its sanction to the connection. The National Association has steadfastly refused to endorse any collection agency, mercantile agency, law list or other similar institution, and to this fixed policy has the right to expect every branch to adhere.

The work of increasing the individual membership has progressed satisfactorily. The development of this work along systematic lines has resulted in decreasing the percentage of resignations to a point lower than for several years and the securing of a substantial number of new members, a large majority of which have been drawn from the banking and manufacturing interests. The work for direct membership is carried on exclusively in those places where there is either not enough material to draw upon for a local association or where the association spirit has not developed sufficiently to warrant organizing one.

The manufacturers are gradually beginning to realize that while in a majority of cases the credits they extend are of the highest order they still have an interest in the outcome of their customers' credits and consequently should do their part toward supporting the work of the organization, a broad-minded view to take, but nevertheless one which is gaining ground.

Your Committee has also laid stress upon the importance of maintaining the true standard of membership in our association, and we have tried to impress upon each association the resolution adopted last year calling attention to the frequent departure from the original requisite of membership, set forth in Article III, Section I, of the Constitution. Based upon this resolution, which we believe to be sound, we shall ask this convention to reaffirm its former declaration.

Due acknowledgment is made to the National office for the assistance rendered your Committee, and we unhesitatingly say that the results obtained were largely due to the energy, fidelity and experience of our most worthy secretary.

The resolutions which we desire to offer are as follows:

"WHEREAS, It has come to our attention that certain outside organizations have sought alliance with affiliated associations, for the purpose of maintaining reporting bureaus, etc., and

"WHEREAS, Such connection is likely to lead to a disruption of these associations and to defeat the very aims for which they were organized, be it

"*Resolved*, That we, the National Association of Credit Men, in convention assembled, do hereby condemn and disapprove this practice, for the reason that it will most surely lead to complications not beneficial to our organization, and we reaffirm the American doctrine, so especially applicable to our association that we form no 'entangling alliances' with any outside organizations, and be it further

"*Resolved*, That we urge our Directors to refuse membership to those associations which do not, within a reasonable time, discontinue such alliances."

"WHEREAS, It is apparent that proper discrimination is not always used in admitting to membership firms or individuals who do not come within the requirements of our Constitution, be it

"*Resolved*, That we reaffirm the resolution adopted at the Denver convention, to wit: 'That we urge every affiliated association to push vigorously for the enlarging of our organization, so that it shall include

every desirable mercantile, manufacturing and banking house engaged in legitimate credit lines, but exclude from full membership all others. That if it seems desirable that some who are not credit men become allied with the association, we recommend the establishment of a class of associate membership, which carries no voice in the affairs of either the local or National organization. And finally, we urge that only members who are credit men be selected as delegates to the annual convention."

Respectfully submitted,

CHAS. B. NORTON,  
PEYTON B. BETHEL,  
C. P. DAWSON,  
S. B. LYND,  
J. H. SCALES, *Chairman.*

## MEMBERSHIP

1896		600
1897		1,591
1898		2,332
1899		2,536
1900		3,006
1901		3,572
1902		4,004
1903		4,554
1904		5,327
1905		6,061
1906		7,509
1907		8,647
1908		9,791
1909		11,185

The Cleveland Association of Credit Men offers the following resolution:

"*Resolved*, That a committee of five be appointed to investigate the feasibility and practicability of aiding in the organization of a Credit Men's Association in Canada, and of seeking affiliation with such association as may be organized."

President Gettys—The report of the Membership Committee has been received, and the secretary will read the first resolution.

"WHEREAS, It has come to our attention that certain outside organizations have sought alliance with affiliated associations, for the purpose of maintaining reporting bureaus, etc., and

"WHEREAS, Such connection is likely to lead to a disruption of these associations and to defeat the very aims for which they were organized, be it

"*Resolved*, That we, the National Association of Credit Men, in convention assembled, do hereby condemn and disapprove this practice, for the reason that it will most surely lead to complications not beneficial

to our organization, and we reaffirm the American doctrine, so especially applicable to our Association, that we form no 'entangling alliances' with any outside organizations, and be it further

*"Resolved, That we urge our directors to refuse membership to those associations which do not, within a reasonable time, discontinue such alliances."*

Mr. J. H. Scales, of Louisville, moved the adoption of the resolution, seconded by Mr. George R. Barclay, of St. Louis.

Unanimously carried.

Secretary Meek—The next resolution is as follows:

*"WHEREAS, It is apparent that proper discrimination is not always used in admitting to membership firms or individuals who do not come within the requirements of our Constitution, be it*

*"Resolved, That we reaffirm the resolution adopted at the Denver convention, to wit: 'That we urge every affiliated association to push vigorously for the enlarging of our organization, so that it shall include every desirable mercantile, manufacturing and banking house engaged in legitimate credit lines, but exclude from full membership all others. That if it seems desirable that some who are not credit men become allied with the association, we recommend the establishment of a class of associate membership, which carries no voice in the affairs of either the local or National organization. And finally, we urge that only members who are credit men be selected as delegates to the annual convention.'"*

Mr. Scales moved the adoption of the resolution.

Motion seconded.

Mr. William Crane Andrews, New York—I move that that which follows the words, "from full membership all others," be elided.

Motion seconded.

President Gettys—The secretary will please read the resolution as amended.

Secretary Meek—The resolution as amended is as follows:

*"WHEREAS, It is apparent that proper discrimination is not always used in admitting to membership firms or individuals who do not come within the requirements of our Constitution, be it*

*"Resolved, That we reaffirm the resolution adopted at the Denver convention, to wit: 'That we urge every affiliated association to push vigorously for the enlarging of our organization, so that it shall include every desirable mercantile, manufacturing and banking house engaged in legitimate credit lines, but exclude from full membership all others.'"*

Mr. Frank S. Evans, Philadelphia—May I ask the mover of the amendment his reasons for offering the amendment?

Mr. William Crane Andrews—This is an association of credit men. I think that is the reason.

Mr. Evans—Then why eliminate the reference to credit men?

Mr. G. L. Irvin, Baltimore—It seems from this proposed resolution that you are merely reaffirming a resolution adopted at a previous convention; and I would like to ask, what has been done in regard to the paragraph we are now considering? We are now resolving that a certain class of membership be constituted. That was passed at the convention a year ago. Nothing has been done with it, and if it is not worthy the consideration of the association or if it is indefinite in its character, I

believe that the resolution as amended by the gentleman from New York should be adopted.

President Gettys—Let the secretary answer the question as to whether any of the associations have an associate class of membership.

Secretary Meek—I believe there has been action taken under the resolution as adopted last year in more than one direction.

Mr. J. H. Kentnor, St. Louis—After the convention in Denver last year the St. Louis delegation made a report to the local association, and it was deemed wise to follow the sense of the resolution as passed. We requested the resignation of some members connected with the mercantile and collection agency business and some others. (Applause.) There was quite a little objection on the part of some of the collection agencies, who had been rather aggressive and who had hampered the work of the association as well as of the adjustment bureau, but after the matter had been explained to them they realized that it was better for them to work independently of the association and not continue to hold their membership. Some of the other collection agencies which were much broader in their views than those I have mentioned, said the association had taken the proper stand. Now, by referring to the report made by the Membership Committee, you will notice that the membership of our association is less in 1909 than in 1908, and that is due to the fact that quite a number of members dropped out who were not really eligible under the resolution.

Mr. J. H. Scales, Louisville—Perhaps it would be proper to say that the committee understood that there had been some sentiment in certain associations favoring an associate membership, and as we could not see that it would do harm, we did not object. I believe there are a few local associations who maintain an associate membership, and for that reason we thought it would be all right to put it in. Personally I have no objection to withdrawing it.

Mr. S. D. Buck, Baltimore—The Baltimore association is considering changing its by-laws in order to provide for associate members, and since the Denver meeting, we have declined some applications.

Mr. F. H. McAdow, Chicago—I hope the amendment proposed by the gentleman from New York may not prevail in its entirety, for one reason: He proposes to strike out the last two sentences, and that includes also the recommendation from the Denver convention that we urge that only members who are credit men be selected as delegates to the annual convention. It is possible that the amendment was intended to apply only to associate membership, but as it is worded it would include that provision also, and it does not seem to me that we are ready now to reverse our Denver action on that point.

Mr. A. C. Foster, Denver—I hope the resolution offered by the gentleman from New York will not prevail. I believe that only credit men should be delegates in the convention, and I think it is very important for the good of the organization that only delegates who are credit men be appointed.

President Gettys—If you eliminate that sentence you have no use for the second one.

Mr. Evans—My reason for asking Mr. Andrews why he offered his amendment was that my particular attention was directed to the last two lines of the resolution, "and finally we urge that only members who are credit men be selected as delegates to the annual convention."

Mr. Andrews—If the National Association is only composed of credit men I would ask who else can be delegates to the credit men's convention?



Mr. Evans—That is answered by the fact that they are not all credit men who are members of the local associations, nor does this resolution prevent others being members.

President Gettys—The question is on the amendment.

Mr. Lee M. Hutchins, Grand Rapids—If we establish a class of associate membership, who are we to take into that associate membership? Are we not letting down the bars for a wider membership. We make a bid, for instance, to one class—fire insurance men, and that class can do us an unbounded amount of good, and we need them; we are urging that their work enter into every report written by Dun or Bradstreet. Now, can we say that Dun and Bradstreet and the fire insurance agents of this country must come into an associate membership? I believe if we pass the resolution as read it will be dangerous. The local associations will practically do as they have a mind to, and we will open up the door to associate membership that nobody can restrict. I would like to see the resolution worked over a little bit, so as to include something more than mercantile, manufacturing and banking, and then stop there, but when you have thrown it wide open as these resolutions do, we will have our troubles, and I think we ought to be slow about giving this a final vote.

Mr. Howard Marshall, New York—This is a question of vital interest. Mr. Hutchins is right in one respect, but he is wrong in another. He is wrong in this, that an association of credit men cannot hope to include within its membership men in all lines of commercialism outside of the lines represented by the extension of credit. We cannot take in fire insurance companies and life insurance companies and bond brokers and barber shops and all these things—we cannot do it. We might come down from New York here with a membership of 2,000 if we let down the bars and took in all those who are knocking at our doors. It is a matter that we have had under careful consideration for a long time; we have thought over it, we have studied it.

One phase of it is this: A man may have rendered conspicuous service to this association or to a local association, and by reason of some change in his business, he may have become ineligible to membership under our constitution, because we do not draw our membership from any but credit men, but we have provided for that contingency. If a man has rendered conspicuous service and has become ineligible to membership we allow him an honorary life membership, but he is entitled to no vote.

Now, it seems to me that if we open up an associate membership, we will have an association, not of credit men, but of a heterogeneous crowd that may represent everything in the world. I believe that we should be an association of credit men; I believe that credit men should be the delegates to these conventions; and I fear that if we allow any or all kinds of associate membership we will destroy the purposes for which we are organized. (Applause.)

Mr. Walter Wright, Salt Lake City—I would like to ask if the individual memberships which are granted by the National Association includes members who are not eligible to membership in affiliated branches. The reason I ask is this, that I am in the office of the association at Salt Lake, and we are annoyed by a collection agency in the East that advertises, "We are members of the National Association of Credit Men." Apparently they are not eligible to membership in the local association.

President Gettys—Will the secretary answer the question.

Secretary Meek—There is no individual member drawn from interests outside of the banking, manufacturing or jobbing business.

Mr. W. A. Given, Pittsburgh—I think our constitution clearly provides for the qualifications for membership, and I would ask the secretary to read it.

(The secretary read provisions of the constitution regarding membership.)

Mr. T. K. Cree, Pittsburgh—The question has arisen in our own association as to the qualifications for membership. In this resolution it is limited to mercantile, manufacturing and banking. Now, the national constitution calls for any legitimate line of business in which credit is extended. A lawyer is in business and extends credit, a collection agency is in business and sometimes extends credit. Now, I would like a definite declaration as to the qualifications for membership.

President Gettys—I think you will have it in the amendment in a moment.

Mr. O. G. Fessenden, New York—This is really the first moment that I have begun to enjoy myself.

President Gettys—I am glad to hear it.

Mr. Fessenden—There has been altogether too much unanimity in this convention since it started, and I am glad we are having a little discussion. A first class scrap sometimes is good for the blood. For my part, I do not see any reason in the world why this resolution should be passed. There is the constitution that defines who shall be members, and it is up to the local association to say who shall be members under that section of the constitution. (Applause.)

Mr. H. E. Smith, Columbus—I agree with Mr. Hutchins when he says that fire insurance people are of vital importance to the association, also Dun and Bradstreet. I must say frankly that the agencies have always been desirous of giving all the assistance possible, and I feel that when you eliminate fire insurance people and Dun and Bradstreet you have done the association an injustice. (Applause.)

Mr. Andrews—With the consent of my second, I withdraw my motion, and suggest that the matter be referred to the Committee on Resolutions.

Seconded and carried.

President Gettys—The resolution goes to the Committee on Resolutions.

Secretary Meek—The next resolution is as follows, being offered by the Cleveland Association of Credit Men.

*"Resolved, That a committee of five be appointed to investigate the feasibility and practicability of aiding in the organization of a Credit Men's Association in Canada, and of seeking affiliation with such association as may be organized."*

Mr. William L. Fox, Buffalo—I move the adoption of the resolution.

Seconded and unanimously carried.

Mr. Enoch Rauh, Pittsburgh—I have just received this telegram from Pittsburgh, and I think it may be of interest to the association:

"Heartiest well wishes for National Association and its objects. Many excellent new applications for membership received to-day, now making a total membership for Pittsburgh 658."

(Great applause.)

President Gettys—Are there any further resolutions under the head of Membership Committee? If not, we will pass to the report of the Business Literature Committee, Mr. Charles Reynolds, chairman.

### Report of the Business Literature Committee.

*To the Officers and Members of the National Association of Credit Men.*

GENTLEMEN:

As it is not possible for your Committee to treat in minute detail the various subjects handled during the current year, we will briefly outline what we deem most important to bring to your attention and that of the succeeding committee. However, should our successors desire aid or further information on any subject treated, we will gladly furnish it.

#### LOCAL ASSOCIATIONS.

Efforts have been made to carry out the resolutions of the last convention, with respect to encouraging each association to appoint a business literature committee and to publish a local bulletin for the purpose of further disseminating credit literature. We addressed special letters on these subjects to each association, and received many favorable responses. Sixteen associations are now issuing either bulletins or special letters, and the others should be encouraged to do the same. Our Secretary has tried to assist those publishing local literature by sending them advance monthly letters. These letters outline special or important articles that will appear in the National BULLETIN and seem to have aided materially.

Copies of the monthly letters have also been sent to the officers of the National Association, chairmen of the National Committees and the presidents and secretaries of all affiliated branches.

Your Committee heartily endorses the issuing of such letters, believing they offer excellent means for increasing the interest in branch associations.

The co-operative plan now in existence, whereby the local associations assist the national body by reporting the proceedings of their meetings or by furnishing copies of special addresses which would likely prove interesting to all members, should be further encouraged.

#### COPIES OF THE BULK SALE LAWS

have been issued free to members on request, and we are told that these copies have assisted attorneys in the preparation of cases involving the construction of those laws. Due to that fact, we urge their continued issuance, when necessary.

A supplement containing the bulk sale laws as enacted in five states since the first of the year, has been published, and is ready for distribution, also a chart of states having bulk sale laws. This chart reflects credit upon our past and present legislative committees and the respective local associations. It shows prominently the few states which need legislation along this line.

#### CO-OPERATION AND FREE LITERATURE.

It may be proper to mention that every effort, as in the past, has been made to co-operate with other committees and with the members. The branch associations and legislators of the states considering the passage of a bulk sale law were furnished literature on the subject. In this way the association can and does render material aid.

### THE DIARY.

When the present Committee took charge, it questioned the wisdom of issuing a diary, at least in the form proposed, but as the work had progressed considerably, it was suggested that the volume be completed, as an experiment.

Our Secretary gave the subject matter most careful attention and in every way he sought to make it attractive. He deserves great credit for the energy contributed and the time given over to its publication.

There were printed and sold fifteen hundred copies and a cash profit of \$951.78 was turned into the treasury.



*Chairman of Business Literature Committee*

CHARLES REYNOLDS

Crescent Cigar & Tobacco Company, New Orleans, La.

As to future editions, we offer no resolution, but instead recommend that the question of publishing others be left to the succeeding committees and the Secretary. It may be possible to improve upon the last form, and to also secure, in advance, subscriptions for the work, now that it has been introduced.

Your Committee recommends that its successors consider the publication of a



### LAW DIGEST.

It could contain the various opinions which are now given by the Legal Department in answer to inquiries. The fresh decisions could be added yearly. This digest might also include the Negotiable Instruments, Bankruptcy, Exemption, Chattel Mortgage and Prescription Laws; also a synopsis of the laws on Contracts, Liabilities of Carriers, Partnerships, etc.

Along the line of new work, we have recommended the issue of a booklet, covering the

### NATIONAL ASSOCIATION'S WORK AND AIMS.

The Secretary is now engaged in its preparation and proposes to distribute the edition among the present and prospective members.

### OTHER COMMERCIAL BODIES

have been requested to place your Committee on their mailing list. We hoped in this way to gain something beneficial. Those addressed cheerfully did so; especially the Merchants' Association of New York, the National Boot and Shoe Manufacturers' Association, the Merchants' Protective Association of New York, the National Association of State Insurance Commissioners, and the National Association of Clothiers. Extending our efforts in this direction, we corresponded with several departments of the United States Government, and we state with great pleasure that they willingly agreed to co-operate, in any way they could.

### EXTRA BULLETINS.

For present and prospective members, and for the various magazines, extra copies of the BULLETIN are printed each month, and other literature published by the association is furnished on request.

### PROSPECTIVE MEMBERS.

Those whose names have been furnished to the Secretary, are sent several copies of the BULLETIN and other literature.

The mailing list became congested, as the Secretary was not always advised when a "prospect" proved hopeless, and it was deemed best to request members, in the future, to send the names of "prospects" to their local secretary or to their membership committee, for revision or approval, the names then to be forwarded to the National Secretary, who mails several copies of the BULLETIN, and when a name is "discontinued" a notice to that effect should be sent to the recommending association. This will keep the list under constant revision and avoid the duplication of names.

We started a plan of co-operation with

### OTHER MAGAZINES,

and have made arrangements with the publishers of a prominent business magazine, whereby special articles will be interchanged. In the past, matter has occasionally been exchanged with other publications, but it was not a general rule. The present plan may be regarded as an extended experiment, and if successful we believe that additional arrangements should be made with other magazines. There are now about two hundred publishers on the association's mailing list, but no special system for interchange is in effect.

Through the TRADE CONDITIONS AND OUTLOOK DEPARTMENT, which was created by your prior committee, efforts have been made to keep the members posted on prevailing conditions. This department can be

further extended to include crop and other reports, etc., as issued by the government.

It was urged that a

#### BOOK LIST

be published in the BULLETIN at given intervals. We now have a revised and select list of references on Credits, Credit Business, and Collection of Accounts, with a brief outline of each book, but your Committee has carefully avoided any recommendations—the selection being left to the individual. Future book-lists should include work on law, accounting and other business subjects.

#### FOREIGN MARKETS.

Correspondence has been carried on with the government departments, mainly on account of the resolution passed at the Denver convention which called for the appointment of a committee to consider methods for the further output, into foreign markets, of American goods, and for the improvement of the Consular Service. To aid the object of that resolution we ask that the

#### CONSULAR, TRADE AND CROP REPORTS,

which are issued daily and monthly by the government and which cover conditions in this and foreign countries, be mailed to our Secretary, to be quoted from in the BULLETIN.

While on the subject of foreign markets, we desire to refer especially to the

#### BUREAU OF AMERICAN REPUBLICS,

which is a union of American Republics, and has a governing Board, composed of Ambassadors. The bureau issues an exceedingly interesting illustrated monthly bulletin, or magazine, treating particularly of the Southern, Central American and Mexican Republics. When the objects of our association were explained, the bureau volunteered to mail a sample bulletin to our members interested in the Latin-American trade. Further than this, it offered to lend us, free of charge, plates or cuts used in illustrating in their bulletin. The offer was a most generous one, and should be taken advantage of, as their illustrations, in many instances, are worthy of reproduction.

The names of

#### ABSCONDING DEBTORS

were given more space in the BULLETIN during the past year, but it was not possible, because of lack of room, nor always advisable, to print every name sent in. To overcome these objections, the Secretary lists in the monthly letters, previously referred to, the names sent him. Every association is then expected to publish these names in their bulletins, or to read them out at their monthly meetings.

Extra copies of the article written by Mr. A. C. Foster, which appeared in the BULLETIN under the title,

#### "CO-OPERATION OF THE SALESMAN WITH THE CREDIT MAN,"

were published, it appearing to be in general demand. There were other valuable subjects treated but we comment especially on this one, because it is our belief that articles which will cause the sales department and office force to appreciate and co-operate more with the credit department, should be continuously solicited and given wide distribution.

### BOUND YEARLY VOLUMES.

To the year-books we desire to call special attention, as they are carefully indexed and neatly bound and will aid materially the various committees of the different associations. Each "local" should have at least one copy.

Many interesting articles appear in the BULLETIN throughout each year, but are seldom printed in separate form and therefore never come to the notice of new members. It was the intention of your Committee to go through the past year-books and gather those articles which have gone before and which could be of interest to certain lines, such as: Hardware, Groceries, etc., and to publish them in pamphlet form. These respective pamphlets would then have been issued by the Secretary to new and prospective members engaged in the lines treated upon. Such a plan would preserve valuable matter, and at the same time would render material service in securing members, for it is quite apparent that a "prospect," receiving literature treating of his particular business, would appreciate it and realize that the association is trying to help him. Your Committee, however, regrets that it did not have the opportunity to accomplish this work and therefore can only offer the suggestion to the next committee for what it may be worth.

### CREDIT INSURANCE

has now reached a point in commercial circles where we must recognize it, just as we do fire insurance, the commercial and the collection agencies. Your Committee therefore believes that we should take up the subject and assist, if possible, those of our members who are interested. With that idea and with the effort to assist, we propose the creation of a Department in the BULLETIN for "Questions and Answers on Credit Insurance Problems," such a Department to be conducted along the lines similar to the present "Legal Opinions Department," except that the questions (from members only) would be submitted to the respective Credit Insurance Companies, and to the members, when necessary, for reply. The names of those inquiring and answering would be omitted, and questions of personal interest only, or those requiring an answer in the nature of an advertisement, would be rejected. It seems quite clear to your Committee that with such a department in operation, members desiring the benefit of the experience of others, or the definition of some phase of a credit insurance policy, could use the BULLETIN and secure expressions that would be valuable.

If rules were formulated to govern the conduct of such a department, it would prevent the abuse.

### THE BULLETIN AND ITS IMPROVEMENTS.

During the year 139,000 copies of the BULLETIN have been printed and distributed. These figures show an increase in circulation over the previous year of 16,000 copies.

The cost of printing and distributing was \$5,492.34. The receipts from outside subscribers and from the sales of bound volumes amounted to \$115.37, making the net cost for the year \$5,376.97, an increase over the previous year of \$221.78.

We are now publishing the ninth volume of the BULLETIN, which of late years has been noticeably improved. This is said without any desire to discredit the work of former secretaries, as theirs was the great beginning that led up to Mr. Meek's commencement. We believe that they did all that was possible, when it is considered that the mem-

bership was smaller and the source of supply necessarily less, than it is to-day. But now the field for information and data is almost unlimited and your Committee, after giving the subject the most careful consideration, believes that our 11,000 members demand more than the present BULLETIN—they want something bigger and broader in its make-up and covering a wider range. The BULLETIN can be made the most attractive business magazine published. Your Committee is thoroughly confident that it is possible to create such changes as would make it a ready seller on any news-stand.

The varied lines represented in our membership are too numerous to cite and the contents of each BULLETIN should be just as diversified, or nearly so. A large percentage of the credit men, in addition to that function are office managers, accountants, cashiers, bookkeepers, etc., and would gladly welcome articles pertaining to their various duties. Nor should we stop here—for the manufacturer we could publish cost systems, and articles on workshop and factory management—for the jobber of hardware, groceries, shoes, drugs, etc., we could describe the modern systems in effect in the most successful houses, embracing all departments; for our insurance friends we could treat on rates, office organization and insurance matters in general; for the banker we could treat on other systems in use and particularly those relating to bank book-keeping, short cuts, exchange and other financial subjects. These and kindred matters could be handled and would greatly enhance its value and make it a marketable magazine—the recognized organ of the Credit Men's Association. Thus we could scatter more broadly the great objects and benefits for which we are organized. We could continue to enumerate and outline in detail the various departments and subjects which may be handled, for the possibilities are large, but time will not permit. We feel, however, that these changes are needed, but some will say: "How accomplished?"

The Secretary, try as he may, cannot, with his multitudinous duties, make the improvements we would advise. On the other hand, the association is not able financially to support such a far-reaching change, without advancing considerably the present subscription price, which is only fifty cents a year. Even if this were done it would hardly cover the requirements. We therefore propose a radical (if such it be), departure from custom and recommend the publication of advertisements in the BULLETIN. Not those of "quack" doctors and "fake" medicines, but those likely to be beneficial or that would appeal to us all, those pertaining to our business. By this is meant advertisements offering for sale loose-leaf account books, filing cabinets, office furniture and fixtures, card trays, stationery, binders, etc. In one magazine alone your Committee counted something like one hundred and fifty such advertisements, all of which were clean and high-toned and related to our needs. This number averaged seventy full pages, at the rate of about \$140 per page, or a total of \$9,800 gross, per issue. Of course, the publication referred to has a larger circulation than ours and our rates at first would necessarily be less. It is apparent that the funds which can be derived therefrom would easily pay for the improvements suggested and admit of the employment of an Editor (as an assistant to the Secretary), whose sole duty would be to publish the BULLETIN, under the supervision of the Secretary and the Business Literature Committee. However, in order that the subject may be thoroughly digested, we offer the following resolutions:



"WHEREAS, It is the desire of this association continually to improve its BULLETIN and to further the aims and objects of the association; therefore, be it

"Resolved, That the next Business Literature Committee, with the Secretary-Treasurer, investigate the matter, and ascertain the expense of employing an experienced journalist, capable of handling the publication of the BULLETIN, who would be under the supervision of the Secretary-Treasurer and of the Business Literature Committee; and be it further

"Resolved, That the matter of soliciting advertisements be carefully considered and an estimate made of the possible revenue to be derived therefrom, and a set of rules be formulated governing the acceptance of advertisements, and be it further

"Resolved, That the result of their findings be promptly reported to the Board of Directors, who are hereby authorized to act in the matter, as in their judgment is deemed proper and wise."

"WHEREAS, Credit insurance policies are now being carried by commercial firms, and it is deemed proper, when consistent with the principles of this association, to assist those of our members interested in the subject; be it

"Resolved, That the monthly BULLETIN, issued by this association, contain a department, which shall be known as 'Questions and Answers on Credit Insurance Problems,' and be it further

"Resolved, That the incoming Business Literature Committee formulate a set of rules to govern the conduct of said department, and that such questions and answers as may appropriately come under this department shall be handled in accordance with said rules."

Respectfully submitted,

J. L. CAIN,  
ORLOFF LAKE,  
T. J. BARTLETTE,  
PAUL J. ORCHARD,  
CHAS. REYNOLDS, *Chairman*.

The following resolution is offered by the Cleveland Association of Credit Men:

"WHEREAS, The work done by the National Association of Credit Men has been for the most part devoid of publicity so far as the retail merchants are concerned; and

"WHEREAS, Certain men of prominence for effect or otherwise have seen fit to attack the motives of this association in a manner calculated to produce an erroneous and unfavorable impression; therefore, be it

"Resolved, That the Business Literature Committee be requested to prepare a series of articles put up in convenient form for enclosure with regular mail matter and for distribution among members at lowest cost, setting forth briefly the objects of the association and its relation to the retailer, and that the committee endeavor to secure further publicity in trade journals and other papers."

(Applause.)

President Gettys—The report of the Committee on Business Literature has been received, and the secretary will read the first resolution.

"WHEREAS, It is the desire of this association continually to improve its BULLETIN and to further the aims and objects of the association; therefore, be it

*"Resolved, That the next Business Literature Committee, with the Secretary-Treasurer, investigate the matter, and ascertain the expense of employing an experienced journalist, capable of handling the publication of the BULLETIN, who would be under the supervision of the Secretary-Treasurer and of the Business Literature Committee; and be it further*

*"Resolved, That the matter of soliciting advertisements be carefully considered and an estimate made of the possible revenue to be derived therefrom, and a set of rules be formulated governing the acceptance of advertisements, and be it further*

*"Resolved, That the result of their findings be promptly reported to the Board of Directors, who are hereby authorized to act in the matter, as in their judgment is deemed proper and wise."*

Mr. Chas. Reynolds, New Orleans—I move the adoption of the resolution.

Seconded.

Mr. Arthur Parsons, Salt Lake City—I have listened with great interest to the report just placed before us, and I think the recommendations of the committee are worthy of our best support. The BULLETIN up to the present time has been a very valuable little publication, and I only regret that my time has been so limited that I have not read it as fully sometimes as I might have done. On making inquiry, I find that many members of our association have looked upon the BULLETIN something as they look upon the southern states, that they are a little dry; but I believe if the suggestions of the committee are carried out and a little life and interest in the shape of valuable articles injected, that it will be readable, and that it will become a valuable magazine, and one for which we could solicit advertisements, and in that way assist in obtaining the revenue necessary to place it before our members, and I shall vote with pleasure for this resolution.

Mr. W. H. Grimes, St. Louis—I do not suppose there is any objection to this resolution being carried and the matter being threshed out in the manner suggested and being finally disposed of by the executive committee; but it seems to me that the BULLETIN in its present form is a publication just the size that we credit men want. We find it on our desk every month with a series of interesting articles compiled in a succinct form, and if we are going into the magazine business, and have a publication loaded down with a lot of advertisements and articles that will no doubt be very interesting, it seems we are getting away from the idea of the publication that we started out to have, and for that reason I hope that even if the resolution is put before the committee they will decide adversely to this proposition.

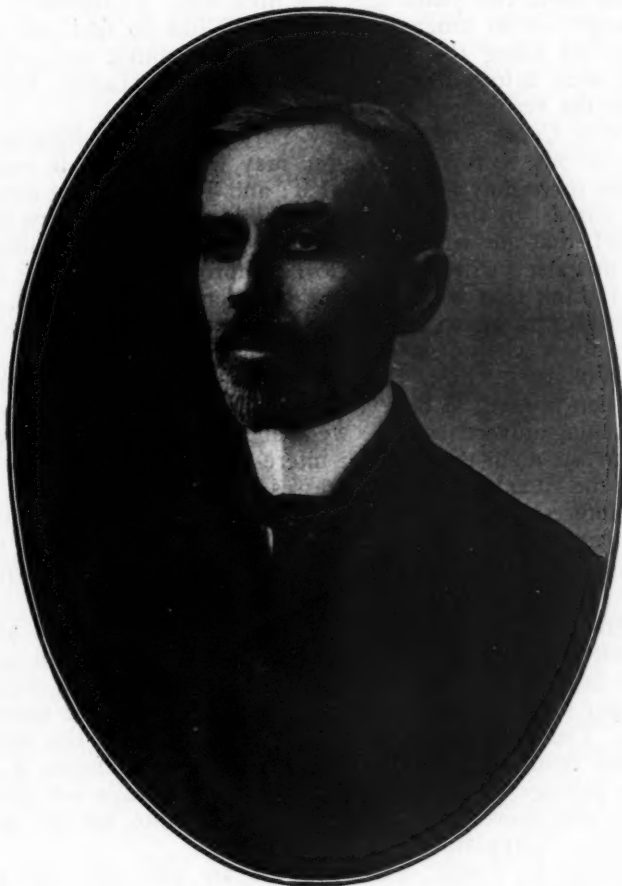
Mr. E. D. Flannery, New York—I am decidedly in accord with remarks of the last gentleman. We should confine ourselves entirely to the interests of credit men, and not to the boot and shoe business, banking, fire insurance, or anything of the kind. We have a small, concise and attractive magazine that reaches us once a month. It is of much value, and if it comes to me encumbered with banking, fire insurance, boot and shoe business and other advertisements, I will throw it in the waste basket. (Applause.)

Mr. J. L. Kemp, Grand Rapids—Some time ago did I not see in the BULLETIN reports of court proceedings and decisions? Lately, however, I have failed to find them, and I would like to inquire the reason why?

President Gettys—The secretary will answer that question.

Secretary Meek—I can answer the question in two ways: First, that the original arrangement we had for obtaining the digests has been discontinued; second, the press of other matter has compelled us to use the space for other purposes.

Mr. Reynolds, New Orleans—The committee does not recommend that the association shall go into the magazine business; it is rather to the contrary. It is vitally necessary to educate some wholesalers and retailers, and there is no better way of reaching both than through a



*Director*

LEE M. HUTCHINS

Hazeltine & Perkins Drug Company, Grand Rapids, Mich.

publication that will go to every corner of the United States. As for advertisements, there is likely to be some opposition; but they can be selected, and there is certainly no objection to it as far as the committee has been able to see. There are a number of publications in the country which limit their advertisements, and I believe by accepting advertisements carefully and placing the magazine before every one, we will reach hundreds of people who would otherwise be ignorant of the good we are doing and trying to do, and great benefit would result.

Mr. E. D. Flannery, New York—I would like to explain that it is not to the advertisements we object, but to the bulk of the reading matter of the advertisements. Legitimate advertisements I think we can welcome.

Mr. R. E. Bramlett, Dallas—I do not see any particular objection as Mr. Reynolds states to educating some of our people along the lines of banking, fire insurance, and probably some other lines. I will admit that my friend from New York has probably more information on banking than we people in the Southwest. The New York bankers demonstrated that about two years ago or a little less. (Laughter.) The fact is they taught us so much that we would like to find out a little bit more—but not along the same lines; and I cannot see any objection to having such information published in the BULLETIN, and I would like to see the resolution adopted.

Mr. Wm. Crane Andrews, New York—While no disparagement on the work of our secretary-treasurer may be intended, it seems to me nevertheless there may be a hint of it; and I think he has demonstrated that he is abreast of the times; and I think you will join me in the confident belief that he will continue to be abreast of the times, and I think the magazine will continue to be improved right along and be up to date. I think that while he may be open to suggestions, he is still the best source to go to for receiving suggestions, and I hope therefore the motion will not prevail. (Applause.)

Mr. William L. Fox, Buffalo—I for one would not care to see this resolution prevail. I believe that if we start in the publication business and taking advertisements, we will get away from the main point at issue and the main thing which interests credit men. We are getting monthly in the BULLETIN now, addresses on banking, insurance, and other things of interest to credit men. I do not see why we should publish advertisements in which we are not specially interested. Let those who take an interest in this broad variety of subjects look for them in other magazines. I should not like to see this motion prevail.

Mr. Howard Marshall, New York—There is perhaps an element of impropriety in taking issue with some of the gentlemen in my own delegation, but I do not observe from this resolution that we are committed to any plan. It simply suggests that the matter be investigated—that is all. The secretary-treasurer knows more about the feasibility of such a plan than we know, and there can be no harm, it seems to me, in the passage of a resolution which simply calls for investigation and report, and therefore I shall very gladly vote for the passage of the resolution. (Applause.)

Mr. James L. Porter, Pittsburgh—I am glad that the gentleman from New York took that view of the question. There is nothing in these resolutions as offered by this committee which will commit this association to any particular plan. It does not commit them to anything except investigation of the propriety of a certain course of action. I am not in favor of a magazine particularly, because I'm afraid it would not be a profitable venture; but so far as the passage of the resolution is concerned, I am in favor of it, and know of no particular reason why we should discuss it except to give the committee who will have to act upon the question an idea as to our opinions in regard to its feasibility.

Mr. George Guckenberger, Cincinnati—There are so many important matters that credit men can take up with advantage that I see no reason for discussing a subject that was thoroughly debated at the



convention held in New York some years ago. Why go into competition with another line of business? Our treasury is such that we do not need to do it. The busy man has not sufficient time to go through and tear out the advertisements. Keep the BULLETIN down, and I am satisfied you will get plenty of worthy articles that credit men will always gladly read, if you will publish them.

President Gettys—Has the secretary anything to say on that subject?

Secretary Meek—I have nothing to say on the subject particularly for or against it, but it may interest you to know something as to the evolution of the BULLETIN. The first secretary of the association, as well as the second secretary, during the greater part of his term, was obliged to go out into the highways and byways in order to get enough material to print. Now the condition is entirely reversed. Our BULLETIN has been almost doubled in size, and instead of being obliged to solicit contributions, the hardest work that I have to-day is to satisfy the contributors (laughter and applause), and we constantly have in stock a number of articles waiting to be published. Sometimes the ones at the bottom of the pile lie there for twelve months before we can use them.

Mr. Samuel Mayer, Cincinnati—I think the explanation of Mr. Meek sets this matter at rest. No discussion is necessary because Mr. Meek says he has enough material on hand all the time. I for one find the BULLETIN very entertaining and readable, and as far as filling it up with advertisements is concerned, I would be inclined to throw it in the waste basket. I read it now from cover to cover. The point is not whether the resolution will do any harm, but will it do any good. Why pass resolutions that will do no good? I think the resolution should be tabled.

Motion to table made, seconded, carried and resolution tabled.

Secretary Meek—The next resolution is as follows:

"WHEREAS, Credit insurance policies are now being carried by commercial firms, and it is deemed proper, when consistent with the principles of this association, to assist those of our members interested in the subject; be it

"Resolved, That the monthly BULLETIN, issued by this association, contain a department, which shall be known as 'Questions and Answers on Credit Insurance Problems,' and be it further

"Resolved, That the incoming Business Literature Committee formulate a set of rules to govern the conduct of said department, and that such questions and answers as may appropriately come under this department shall be handled in accordance with said rules."

Mr. J. H. Kentnor, of St. Louis, moved the adoption of the resolution. Seconded.

Mr. William L. Fox, Buffalo—I can not see why it is necessary to set aside a portion of the BULLETIN for the particular subject of credit insurance. Why is this particular subject of more interest to us than is fire insurance or banking or some other matter that particularly interests us? If we are going to start to have a certain department for each and every question to be discussed, we will have a whole lot of departments. I think that the information that we get now, the addresses and discussions which are printed regularly in the BULLETIN are sufficient.

Mr. William Crane Andrews—I move the resolution be tabled.

Motion seconded and carried.

President Gettys—The secretary will read the next resolution.

"WHEREAS, The work done by the National Association of Credit Men has been for the most part devoid of publicity so far as the retail merchants are concerned; and

"WHEREAS, Certain men of prominence for effect or otherwise have seen fit to attack the motives of this association in a manner calculated to produce an erroneous and unfavorable impression; therefore, be it

"Resolved, That the Business Literature Committee be requested to prepare a series of articles put up in convenient form for enclosure with regular mail matter and for distribution among members at lowest cost, setting forth briefly the objects of the association and its relation to the retailer, and that the committee endeavor to secure further publicity in trade journals and other papers."

Mr. William L. Fox, Buffalo—I move the resolution be adopted. Seconded.

Mr. E. D. Flannery, New York—I rise for information. Will the committee furnish names of people who made these remarks. I have been in business a long time and never heard any such remarks.

President Gettys—If you will read the *Congressional Record* you will find them.

Mr. Flannery—That is the work of politicians and done for political effect. I do not see the use of that resolution. The National Association should be above things of that kind.

Mr. F. L. Pond, Denver—I do not see anything harmful in this resolution, and it has been brought to my attention many times that there have been remarks made, and I think the association owes it to itself as a matter of dignity to go on record publicly as showing fully and clearly its purposes and its missions, and it does not need to go into the discussion of those points, but it can go on record publicly. I believe this resolution is a very good one and should be passed.

Unanimously adopted.

Mr. G. L. Irvin, Baltimore—I hate to see the work of the Committee on Business Literature disposed of in the way in which it has been done this afternoon. The recommendation which has been made here in regard to a department concerning credit insurance, seems to me to have been made by the committee after careful consideration. Now it might not be necessary for the BULLETIN to have a special permanent department pertaining to credit insurance, but it is certainly worth while for the BULLETIN occasionally to publish in its issues articles pertaining to a matter which is looming up to be one of great importance to all who extend credit. Fire insurance has had the endorsement of centuries. Credit insurance is coming to the front. Now, why should not we have the experience, arguments and benefits of what can be brought before us through the columns of the BULLETIN without the establishment of a special department. I move that the secretary be requested by means of such articles as he can secure, to give us information on the subject of credit insurance which will be of benefit to the public.

President Gettys—The motion does not interfere with other resolutions passed, but as I understand it, it is that the secretary be requested during the year to publish from time to time such articles

on credit insurance as he sees fit. The secretary has done that during the years I have read the BULLETIN.

Motion seconded.

Mr. E. D. Flannery, New York—It seems to me this is entering into a business partnership with about two concerns in this matter. I think the National Association of Credit Men had better keep their fingers clear of that kind of business.

Mr. F. L. Pond, Denver—This resolution was open for discussion before this afternoon. We are about two hours behind our schedule. The motion and resolution are unnecessary, and I move that the motion be tabled.

Motion seconded.

Carried and resolution was tabled.

Mr. J. D. Armstrong, Baltimore—I want to ask whether the resolution as printed here was passed?

President Gettys—The vote was on the motion by the gentleman from Baltimore, which was seconded.

Mr. Armstrong—You called for a vote on the resolution and not on the tabling of the motion.

President Gettys—I said all in favor of tabling the motion—the chair is subject, of course, to correction.

The motion is that the secretary be requested from time to time to publish such articles concerning credit insurance in the BULLETIN, as he may see fit as editor of the BULLETIN. That has been seconded and that motion is before the convention.

Mr. Armstrong—I want to get straight on this motion. I want to know whether the resolution as printed in this book (Committee Reports) has been passed, or whether the resolution as printed in the book has been tabled.

Mr. William Crane Andrews—As I understand it, the motion was made by the gentleman from Denver that that motion be tabled. Will the Denver man make that motion again?

Mr. F. L. Pond, Denver—I move that the motion made by the gentleman from Baltimore be tabled.

Seconded; carried.

President Gettys—The motion is tabled.

Adjournment was then taken until 10 o'clock of the following morning.

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## SECOND DAY.

Wednesday, June 16, 1909.

### MORNING SESSION.

The convention was called to order by President Gettys at 10 o'clock, Rabbi Marvin Nathan of the Congregation Beth Israel pronouncing the invocation.

T. James Fernley, Philadelphia—As chairman of the Entertainment Committee I want to mention briefly a few points of interest you may want to visit while here. There is League Island, your navy yard, some of you have never seen, and perhaps some of you have never seen a vessel except such as you may drink from. (Laughter.) The government has sent there for your use and inspection about a dozen of its finest war vessels. We have a magnificent granite dry dock a thousand

feet long, sixty feet deep and one hundred and twenty feet wide, built from one solid piece of granite (Laughter), well worthy of your inspection.

Going up Broad Street a few squares, you will find the Baldwin Locomotive Works, building about ten locomotives a day. I think in 1907, 2,700 locomotives were built there capable of carrying 180,000 freight cars, a train that would reach from here to Omaha.

Then we have a great shipyard, and any of you who desire to visit Cramp's Shipyard, will be given an opportunity of doing so.

The Liberty Bell which is yours, and which we as Philadelphians are guarding very closely for you, is only a few squares away. Carpenter's Hall, where the first congress sat, Christ's Church where George Washington worshipped, his pew is still there, and you can sit in it.

The Betsy Ross house where the first American flag was made you will find near by; also Franklin's grave—you have heard of Benjamin Franklin—he is buried within a few squares of here, and the committee of ladies will probably show you the house where was born the chairman of the Entertainment Committee. (Great laughter and applause.)

President Gettys—The first order of business at this session will be the reading of communications by the secretary, also the announcement of the committees of the convention.

Secretary Meek—Mr. Spangler of Seattle has sent a communication to the desk which I will read. It is addressed to him personally.

“Seattle, Wash., May 26, 1909.

“Mr. J. W. Spangler, 5 Bellevue-Stratford Hotel, Philadelphia, Penn.

“Dear Jim:

“I have thought of you often since you left to attend the annual meeting of the National Association of Credit Men, and have thought with pride of the honors conferred upon Seattle in your selection to respond to the address of welcome.

“I will be unable to attend the meeting, but as one of the old guard and as the first president I beg to request that you convey to the association my congratulations and my best wishes for a most profitable meeting.

“Respectfully yours.

“W. H. PRESTON.”

(Great applause.)

Secretary Meek—The committees as appointed are as follows:

Committee on Nominations: George R. Barclay, St. Louis, Chairman; J. Hunter Orr, Nashville; O. G. Fessenden, New York; A. Landauer, Milwaukee; George H. Graves, Boston; W. B. Cross, Duluth; J. H. Lempert, Rochester; Max Silberberg, Cincinnati; Frank S. Evans, Philadelphia; Newman Essick, Los Angeles.

Auditing Committee: F. H. Randel, Cleveland, Chairman; O. D. Maxwell, Baltimore; F. R. Salisbury, Minneapolis.

Committee on Credentials: C. E. Meek, Chairman; Charles B. Norton, Louisville; F. L. Pond, Denver.

Committee on Resolutions: Before reading this list, I will state that the president has selected as the Committee on Resolutions the presidents of the different local organizations, whose names have been registered; so that in case there are any presidents here whose names have been omitted will you send their names to the desk, and they will be added to the list. The list then is as follows:



Howard Marshall, New York, Chairman; G. L. Irvin, Baltimore; H. W. Coffin, Birmingham; William L. Fox, Buffalo; S. J. Whitlock, Chicago; Samuel Mayer, Cincinnati; W. M. Pattison, Cleveland; H. E. Smith, Columbus; Wade Millis, Detroit; W. B. Cross, Duluth; James A. Dick, El Paso; George W. Curtis, Fort Worth; Charles Holden, Grand Rapids; J. Edward Stilz, Indianapolis; R. V. Covington, Jacksonville; A. E. Lombard, Kansas City; R. D. Norwood, Lexington; J. A. Matthews, Louisville; Edward F. Sheffey, Lynchburg; W. R. King, Memphis; Harry L. Eisen, Milwaukee; Harris Solinsky, Nashville; C. H. Sansom, Newark; Geo. K. Smith, New Orleans; Henry G. Barbee, Norfolk; J. E. O'Neil, Oklahoma; G. L. Levi, Philadelphia; Enoch Rauh, Pittsburgh; Leon Wallerstein, Richmond; Ira D. Kingsbury, Rochester; E. H. Dyer, St. Louis; H. K. Huntoon, St. Paul; Arthur Parsons, Salt Lake City; J. W. Spangler, Seattle; H. B. Buell, Syracuse; J. Gazzam Mackenzie, Toledo; S. C. Rogers, Youngstown; G. E. Melius, Bridgeport, as representative of the individual membership.

President Gettys—We are to listen to an address this morning on the prosecution of commercial fraud, by a member of the New York bar, who is in thorough sympathy with the work of this association. From what I know of him he seems to have lashed to his mast the banner, "No compromise with dishonesty," and invites us to continue fighting with him under that banner. It is my privilege to introduce to you Mr. Julius Henry Cohen of New York. (Great and long continued applause.)

#### ADDRESS OF JULIUS HENRY COHEN.

##### *Gentlemen of the National Association of Credit Men.*

Society must protect itself against injury if it is to live and grow. The state is the agent of society for this purpose. The fight that mankind wages against its enemies is but another form of the fight man originally made against beasts of prey. As he reached a high level of civilization, he succeeded in protecting himself against attacks made upon him by the lower animals. In succeeding stages he devised ways and means of protecting himself from the assaults of his fellow-men. The first order of crimes, as established by civilization's code, laid stress upon physical crimes, such as *murder, piracy, assault*. Later on, as civilization developed further came *rape* and *arson*. As man built himself a dwelling place and the necessity for protecting it arose, he added to his penal code the crime of *burglary*. As the right to property secured recognition, the right to be protected from thefts from the person crystallized into the crime of *larceny*.

It was not, however, until commerce and industry began really to thrive that the law recognized such crimes as *fraud, forgery* and *conspiracy*. To obtain property from a man by trick and device very early in the history of the English law was called "larceny." To forge another's name to a check or instrument with intent to injure that other was regarded as *forgery*, but the larger crime of *conspiracy* as applied to frauds is a modern development.

Bearing in mind that all this progress is a part of Society's effort to raise itself to higher levels, one must expect to see with the ever increasing growth of intelligence, the development of new forms of crime.

To meet these new forms of crime our penal codes must be revised and our methods of prosecution must be improved. My first thought, therefore, is to point out some new definitions of crime that

have been made in recent years in the direction of meeting commercial fraud and some new methods that have been devised by which to fasten crime upon commercial criminals.

It is obvious that in an address limited in time, as this one must be, a complete survey of the field cannot be made. I can barely touch upon those points of special interest to you. The crimes for which such men as Morse and Heinze are prosecuted are but phases of this general development of the criminal law. A hundred years ago such crimes were not known. When a great big industry undertakes to swindle the government by secret springs placed in appropriate parts of its weighing machines, it imposes upon the governmental agencies labor involving the expenditure of many thousands of dollars to ferret out the crime and present to a common law jury absolute and complete evidence of its guilt. Modern intelligence makes such fraud difficult of detection.

You are not, however, specially concerned with such frauds; you are concerned with those frauds that come specially under your cognizance. These relate to such crimes as arise out of false credit statements, fraudulent disposition of assets, and the like.

In what respects has the law developed in recent years for the better protection of our credit system?

I shall deal with *three* phases of commercial fraud in which I think there has been marked progress. *First*, the development of the crime of larceny as applied to false credit statements. There seems to be a general impression prevailing that the mere making of a false statement constitutes in itself a crime. This, of course, is not the situation. Obtaining property by fraud is a crime. It had been held for many years in New York and in other states that if A came to B and falsely represented his assets and his liabilities and obtained merchandise thereby, he was guilty of larceny. But the ease with which merchants could institute such proceedings led in New York state to an amendment of the Penal Code, (Section 544). This section provides: "A purchase of property by means of a false pretense is not criminal, where the false pretense relates to the purchaser's means or ability to pay unless the pretense is made in writing and signed by the party to be charged."

Under our modern system of doing business, statements are signed by those seeking credit and given to commercial agencies with intent that these agencies should transmit the statements to all subscribers. Is such a statement a pretense "made in writing and signed by the party to be charged?" In the case of *Tindle vs. Birkett*, 171 N. Y. 520, the Court of Appeals had before it in a *civil* cause the question of whether or not a man could defraud his creditors through a false credit statement given to a mercantile agency. It was conceded in that case that the statement was grossly false. The lower court held "\* \* \* had such statements been made directly to the plaintiffs under circumstances which would fairly warrant the assumption that they were so made by way of inducing credit, there would, of course be no question as to the rights of the plaintiffs to maintain an action of this character."

Judge O'Brien of our Court of Appeals said:

"That one merchant may defraud another under modern business methods just as effectually by a false and fraudulent statement to a commercial agency as in any other way no one can doubt. That the defendant did actually deceive and defraud the plaintiffs by thus putting into circulation in the business world a false, fraudulent and fictitious rating purporting to express his true commercial standing and financial ability is

equally clear. Disregarding mere forms and methods, it cannot be doubted that the defendant spoke false and deceitful words to the plaintiffs through the agency just as effectually as if they had met face to face and the statements had been directly and personally. The buyer of goods may become liable to the seller *in fraud*, although they have never met or seen each other, and no personal communication that is false or fraudulent has passed between them."

The court was practically unanimous in its opinion in that case as to what the legal effect would have been if the seller had relied upon the commercial agency's statement and not the rating. The dissent of Judge Vann was based upon his opinion that a rating given by a commercial agency is not a representation made by the buyer, but even he held clearly that the giving of the statement to the commercial agency made the agency the *agent* of the buyer for the purpose of making his representations to the seller. Prior to 1904, however, no case involving this point had been decided where the buyer was charged with the *crime of larceny*.

The case of *People against Louis Levin* was the first criminal prosecution in New York state involving this proposition. Levin had given a statement to Dun's agency, who in turn had transmitted it to William Meyer & Co., and the latter in reliance upon the truth thereof, having been referred to Dun's agency by Levin himself, delivered property to him. Proof of Levin's fraudulent intent was shown by his removal of practically all of his assets and all of his books to Indianapolis and his flight from New York city. He was convicted in the Court of General Sessions and sentenced to three years in state's prison. His conviction was affirmed by the Appellate Division and by our Court of Appeals. The decision in that case does not leave the application of the principle in all of its details free from complexity, but it undoubtedly makes the law of *Tindle vs. Birkett* the criminal law of the state of New York.

The Levin case may very properly be regarded as one of the steps forward that society has taken in recent years to meet the crime of commercial fraud.

The *New York Globe*, in an editorial on the 29th of May, 1907, commenting upon this case under the title of "Calling a Spade a Spade," says:

"The criminal aspects of fraud are like its civil aspects, multitudinous and elusive. Sometimes it is called by soft names, sometimes it passes muster with approved and respectable practices. So slippery is it that every decision which grapples it and reduces it to its simple criminal elements is worthy of applause. It is perfectly plain that a man, who with criminal intent, and by means of a signed commercial statement, put into the hands of a commercial agency, obtains goods for which he cannot and does not intend to pay, is as much a thief as one who steals from the cash drawer. But things are not always called by their right names. The Appellate Division provides an example even for the courts themselves."

The next character of crime to which I should like to call attention, is the crime of *Forgery* as it has been developed to meet new commercial situations. It would have amazed our forefathers to have been told that it was committing the crime of *Forgery* to make false entries in one's own books with intent to defraud, or to destroy one's own books with intent to defraud, or to leave out entries with intent to defraud.

But said Judge Werner of our Court of Appeals, in the case of *People vs. Abeel*, 182 N. Y., at page 415:

"In construing this statute several things are to be remembered. We are living in an age when the wisdom of legislatures and the learning of courts are put to the severest tests by the cunning and skill of the unscrupulous adventurer and the professional criminal. Statutes are rarely the precursors of crime. They usually follow in their wake. Our centers of population are infested with persons whose highest aim in life seems to be the circumvention of the criminal law by the invention of new crimes. The grosser crimes, such as murder, arson and larceny are easily defined and classified. The same is true of the more common forms of forgery and of many purely statutory crimes. Experience has shown, however, that no generic definition of forgery can be comprehensive enough to include all the crimes that may be committed by the simple use of pen and ink. And that is why the legislature has found it necessary to frame statutes so broad as to include in the category of forgeries many acts which are criminal in their tendency and effect but do not fall within the earlier definitions of that crime. One needs only to glance over the chapter of forgeries in the Penal Code to appreciate how manifold are the methods by which the crime of forgery may be committed. In one class of cases the intent to defraud is of the essence of the crime. In another class the commission of the act presupposes criminal intent. In still another class the mere commission of the act constitutes the crime without reference to criminal intent. The section under discussion (514) is fairly illustrative of this condition. Its first subdivision deals with the corrupt falsification, alteration, erasure, obliteration and destruction of corporate, co-partnership and individual books of account. Subdivision 2 relates to the forging, alteration or counterfeiting of letters, telegrams, etc., with intent to injure or defraud when the act injures any other person in his good name, standing, position or general reputation. The third subdivision is the one relied upon by the prosecution, and the fourth deals with the forgery of tickets of admission and the like, in which the element of fraud is also an essential ingredient. As is clearly shown in the very lucid and exhaustive opinion of the learned recorder, written upon the motion in arrest of judgment, that portion of the Penal Code which includes section 514 deals with acts which an enlightened public policy finds it necessary to place in the category of crimes, but which, on account of the difficulty inherent in the subject, it is impossible to classify or define with precise accuracy, for they spring from a great variety of motives and purposes, and are multiform in their effect upon those against whom or in whose name they are committed. The legislature, in the exercise of its undoubted power, has chosen to classify as a forgery the act charged against the defendant. It is true that this act would not have been forgery as that term was understood under the common law. It may be equally true that the same act might be punished with even greater effectiveness under a different name, but it is not the province of courts to legislate or to nullify statutes by overstrict construction. That is particularly true when the legislature has ordained a rule of construction. Section 11 of the Penal Code provides that, 'the rule that a penal statute is to be strictly construed does not apply to this Code or any of the provisions thereof, but all such provisions must be construed according to the fair import of their terms, to promote justice and effect the objects of the law.' Tested by that simple rule we think the indictment herein charges a crime which was established by ample evidence."

Abeel was convicted and sent to jail for misrepresenting himself



to be the son of a wealthy resident of New York, and one of the steps taken by him was to send a letter signed by himself under a false name, making an appointment with a young lady whose confidence he desired to win. It was pointed out in the decision that he obtained no property from her, nor had he gone any further than to arrange to marry her. The Court said:

"The record does not clearly disclose by what Providential interference this insidious and dastardly attempt upon the honor and happiness of a young woman was intercepted just at the point of culmina-



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tion, nor is it necessary that we should know, because the criminality of the defendant's act in uttering the letter in question depends wholly upon other considerations."

Applying this section of the Code, the grand jury of New York County indicted some time ago, one Louis Brown and one Morris Taub, for forgery in the third degree, arising out of the following circumstances:

It appears that Brown and Taub, who were partners in business in

New York on the first of January, 1907, procured an accountant to open a set of books for them, from which the accountant subsequently made up a balance sheet which the partners transmitted to the agencies as their statement of assets and liabilities. Subsequently, the accountant, upon examination in bankruptcy, testified that after he had opened these books he was given the books of the previous year, kept by the partners, and upon examining these books discovered that the figures given to him by Brown and Taub as their inventory of January 1, 1907, were false. Several months prior to their failure three of the books thus opened, the ledger, cash book and journal were destroyed and new ones opened in their place. All of this, of course, is disputed by Brown and Taub, and since they are awaiting trial, it would be unfair in this public way to comment upon the evidence. If, however, the facts be supported by the evidence, it will be another interesting phase of the development of the Penal law.

To keep fraudulent books with intent to defraud creditors or to destroy books with such intent is criminal under our statutes. In this respect the law has made clear the definition of the crime, although the difficulties of securing evidence sufficient to warrant conviction still remain.

Another phase of the development of the law to which I should like to call attention briefly, is the application of the law of *Conspiracy* to the Bankruptcy law. The United States Bankruptcy Act provides, Section 29:

"A person shall be punished by imprisonment for a period not to exceed two years, upon conviction of the offense of having knowingly and fraudulently: 1, concealed, while a bankrupt, or after his discharge, from his trustee, any of the property belonging to his estate in bankruptcy."

One, Simon L. Simpson, had organized and was the controlling factor in a corporation known as the American Wire and Steel Bed Company, on West Twenty-sixth Street, New York City. He had a number of dummy directors who were relatives of his. Richard Cohen, his brother-in-law, was in the furniture business on Hester Street in New York. Cohen and Simpson procured a relative, Isador G. Mann, to come from Boston, and they together proceeded to "clean out" Simpson's establishment and Cohen's establishment by a diplomatic interchange of commercial courtesies. Simpson's wagons would cart Cohen's materials away, and Cohen's wagons would render similar service for Simpson. Cohen failed. The American Wire and Steel Company failed. There were concealments of assets from both trustees in bankruptcy. The loose language of the Bankruptcy Law, however, had led the Circuit Court of Appeals to hold that an officer of a corporation could not be guilty of concealing assets from the trustee in bankruptcy of the corporation. (*United States vs. Fields*, 14 American Bankruptcy, 507; 107 Fed. Rep., 6; *United States vs. Lake*, 12 American Bankruptcy Reports, 270; 129 Fed. Rep., 499.)

There is in the United States Statute a provision known as the Conspiracy Law, Section 5440 of the Revised Statutes. This Act provided that where two or more persons conspire to commit an offense against the United States it amounts to the crime of conspiracy. Taking this provision of the United States Revised Statutes and applying it to Section 29 of the Bankruptcy Law, Cohen, Simpson and Mann were indicted for the crime of *conspiracy* to conceal assets from a trustee in bankruptcy to be elected. All three were convicted; their conviction was

affirmed by the United States Court of Appeals and the United States Supreme Court refused on review of the evidence even to consider the points raised by the appeals.

*United States vs. Richard Cohen*, 19 American Bankruptcy Reports, page 8; 15 American Bankruptcy Reports, page 357.

In this connection the United States Circuit Court of Appeals said that the corporation—the bankrupt—could violate the provision against fraudulently concealing its assets and that the defendants could conspire with the corporation and so be guilty of conspiracy.

The difficulties of securing evidence sufficient to bring the case within the statutes applicable, can only be appreciated by those who have gone through the experience. The Levin case took about two years. The cases against Cohen, Mann and Simpson took about three years. The important thing at the present time, however, to which I desire to advert is that to meet the new phases of this crime and to overcome the difficulties of past precedents, it is necessary to vitalize existing provisions of law and to dig out and apply general statutes, in many instances never before applied to this character of crime.

In addition to the foregoing new developments, I must refer also to other important developments of the law:

First, the limitation of the "immunity clause" under the Constitution, so that bankrupts are now punishable for perjury if they give false testimony in bankruptcy proceedings, and second, the rule that if true testimony be given, showing actual concealment of assets, bankrupts may be directed to turn over these assets or be punished as for a criminal contempt of Court.

*Matter of Bick Bros.*, 19 Am. B. R., 68.

*Matter of Fellerman*, 17 Am. B. R., 785.

If the bankrupt's testimony is evasive and shows intent to conceal the disposition of assets from creditors, he may likewise be punished for criminal contempt of Court. In a recent case, for the first time, I believe, a bankrupt interposed the defense of *Insanity*. After a profound contest between experts, his defense failed, and he was convicted.

(*Matter of Cashman*.)

I am sometimes asked whether all this effort is justified. I am told that fraud still exists, bankrupts still conceal assets, and debtors still make false statements and destroy their books.

But murder, too, is still committed; and so is forgery; so is burglary; yet society recognizes, in these cases, that unless there is vigorous and persistent prosecution for such crimes, they will grow in intensity. In self-defense society must prosecute. It is so, I take it, with commercial fraud. The class of crime, too, would grow in extent, if steps were not taken to prosecute. With the constant increase in the number of new recruits, the army of commercial fraud would grow until it would overwhelm trade itself.

The organized effort of banks throughout the country has reduced the intensity of crimes committed upon banking institutions. The organized effort of insurance companies throughout the country has reduced the number of arsons. The organized effort of casualty companies has reduced the number of peculations by employees.

There is a stream of criminality flowing through the community that must find outlet. If dammed up at certain points it inevitably seeks an outlet in other directions. Once let down the gates and you will have a flood.

The work that you are doing in investigating and prosecuting com-

mercial fraud has had a tendency to reduce the crime. You should ask yourselves the question not whether the crime still exists, but whether it would not be worse if you did not take these steps. What would happen if the community once lessened its effort to prosecute murder, burglary and arson?

With the growing importance of credit as a means of commercial development and the reliance to a much larger extent than ever before upon the "moral risk," what would happen if you once let down the bars?

I should like to say a word with regard to the value of the present Bankruptcy Law as bearing upon the prosecution of commercial fraud. In a recent number of the Credit Men's BULLETIN a list of prosecutions in the southern district of New York, under the Bankruptcy Law, was published with the evident intent of showing the effectiveness of the Bankruptcy Law. I do not think that the number of prosecutions under the Bankruptcy Law in the Federal Courts is a fair test of its value. In whatever court the prosecution takes place, whether state or federal, the evidence must be secured. No more powerful machinery for securing evidence has been devised than the present Bankruptcy Law. It needs revision, of course. But note that it is the United States government that directs the witnesses to appear in any part of the country and give such evidence concerning the affairs of the bankrupt as they may possess. Even the private books of the witness must be produced if they have any bearing whatever upon the bankrupt's affairs. And the bankrupt himself must submit to cross-examination. It is true he may claim his constitutional privilege and refuse to give evidence that would tend to incriminate him; but even this rule has been limited. In the matter of *Louis Levin*, (11 American Bankruptcy Reports, page 382), Judge Holt decided:

"If the court is convinced that the answer to the question cannot by any possibility incriminate him, and especially if the witness does not swear that he believes that it would, it is the duty of the court to compel him to answer."

It will be noted that of all of the cases that I have referred to, only one was a prosecution under the Bankruptcy Law itself. In all the others, the prosecutions were in the state courts for violation of the state law. And yet in all of these state prosecutions, the evidence was secured through means of bankruptcy proceedings in the federal courts. Of course, if a bankrupt destroys all his books, conceals himself and his property, it is exceedingly difficult to secure evidence sufficient to convict him under either the state or the federal laws. But of this he may be certain: if the creditors whom he defrauded will set in motion the machinery of the federal law, no power on earth can save him. It becomes then purely a matter of how far the creditors will go in the expenditure of the necessary energy and money.

This brings me to the next topic of discussion, namely, *some of the difficulties in the criminal prosecution of commercial fraud.*

First of all with reference to the *expense*: I am inclined to believe that few merchants realize the expensiveness of securing the necessary evidence with which to prosecute commercial fraud. The *Levin* case cost in the neighborhood of \$10,000. In a recent case where complete restitution was secured for all of the creditors and all of the expenses were paid, in addition to convicting the criminals and sending two of them to jail, the expenses amounted to \$15,000; yet the entire amount of the claims was approximately \$28,000. In the *Berkowitz* case in Newark



where the amount recovered was between \$10,000 and \$12,000, the expenses amounted to approximately \$7,000. It will immediately be asked why are the expenses so heavy?

The ordinary investigation into a commercial fraud usually takes, first, the highest order of legal ability with infinite patience and persistence; next, one or more detectives; next, stenographers to take the testimony; next, the commissioner to hear the testimony and accountants to make reports from the books. To conduct one case of this kind in its various ramifications, is the equivalent of at least fifteen other litigations. Anything less than the best kind of skill, either on the part of detectives, accountants or lawyers would not do. The remarks of the referee in the Berkowitz case may be of value here. Says the referee:

"Without services of such character (as those rendered by the investigating attorneys) this case would have been a reproach to the Bankruptcy Law. In my opinion the Bankruptcy Court should see that the allowance for such services are sufficient to encourage like services in other cases, and to encourage attorneys of like ability and energy to come into bankruptcy matters."

"Allowances to counsel in bankruptcy matters must always be 'reasonable.' In this case, where an estate has been created by counsel, not by ordinary examinations of the bankrupt, revealing unscheduled property, but by services requiring a high grade of ability and energy, where the time employed has been sufficient to command equal compensation in private practice, where the results have been accomplished against the most strenuous opposition, and the creditors receive the full amount of their claims, it seems to me that an allowance of five thousand dollars is reasonable."

It is obvious that attorneys will not devote their best skill to this kind of difficult and responsible work, if they can find better remuneration in other work. In my judgment, one of the reasons why so many lawyers are tempted to go wrong in bankruptcy practice is because, in their experience, hard work, skill and integrity have gone unrewarded. Of course, in cases where the bankrupt foots the bill, creditors are perfectly willing that the attorney who is successful shall be liberally compensated, but please bear in mind that the amount of energy and skill required to send a commercial fraud to jail is equally as great as to recover assets. And yet no immediate tangible result to the creditors appears upon the table.

In the case to which I referred, where the expenses were as much as \$15,000, for a considerable period of time the creditors had no hope of realizing anything. The Creditors' Committee, however, pledged itself to the expenditure of not less than \$5,000, to accomplish no other purpose than to send the guilty people to jail. Through their efforts the guilty men were finally convicted, one a notorious commercial fraud, and in addition they were able to recover one hundred cents on the dollar and the entire \$15,000 of expenses. The instances in which such results can be secured must inevitably be rare. But the courage of the little band who started this matter, pledging their own credit, employing a corps of detectives, lawyers in three or four cities conducting examinations in three or four different places at once is an illustration that is inspiring even if it be rare.

Next in order of difficulties is the difficulty of securing co-operation among creditors. In the case to which I have just referred, this difficulty became very acute. After the Creditors' Committee had accomplished all its results and was actually paying the creditors, then

those who had stood by without sharing in any responsibility, insisted upon being treated on an equality with them. As a matter of law in this particular situation, the Creditors' Committee could have declined to recognize all claims except those assigned to it for prosecution. The recovery was not through the bankruptcy courts, but by virtue of certain personal liabilities incurred by outsiders. Each creditor had a cause of action by himself. Repeatedly and repeatedly the Creditors' Committee had sent notices to all the creditors requesting them to assign their claims to the committee with the privilege of sharing in the fruits, but also with the duty of sharing proportionately in the burdens. It is a credit to the business community as a whole that more than sixty per cent. of the creditors did respond in the right spirit to the call of the committee. But it is one of the discouraging features of this work that there are creditors throughout the country selfish enough to let others carry the burdens while they reap the benefits; and there were such creditors present in this case.

The next difficulty of which I should like to speak for a moment, is the *insincerity* that characterizes the conduct of some criminal prosecutions. I am afraid that there is prevalent too large a feeling among credit men that in a bad failure a false commercial agency statement is a valuable asset. The idea that the bankrupt must pay if he has made a false statement leads to the institution of criminal proceedings, the fundamental purpose of which is to secure collection of the debt. Of course if A steals my watch, it is very comforting to get back the watch, but if I get back the watch as the result of a criminal prosecution, I may not drop the prosecution against A without incurring the liability of a prosecution against myself. There is no reason in the world why I should not get my watch and send the thief to jail in addition, but if the district attorney's office thought I would discontinue the prosecution the moment I got back my watch, I should receive scant courtesy on the next occasion when some other article of my jewelry disappeared.

Counsel who represent clients instituting prosecutions for commercial frauds, are in a much more embarrassing position than the clients themselves. Such clients may never again have occasion to visit the district attorney's office. But counsel may still have pending other cases wherein they represent other complainants, and must frequently visit there. They carry the brunt of their client's insincerity.

The *fourth* difficulty about which I should like to speak is the lack of experience on the part of those actually handling such cases in the offices of state and district attorneys.

In order to understand the devious ways of commercial frauds, one must have a pretty definite notion of modern commercial methods and of ordinary bookkeeping systems. The average young lawyer has no experience whatever in actual business affairs. His college training has improved his literary ability and his law school training has given him, or should have given him, a firm grasp of fundamental legal principles. When he is set to work in a district attorney's office to prepare a commercial fraud case, those things which are matters of daily knowledge on the part of business men first puzzle, then terrify, and finally swamp him. He thinks that an "account receivable" is some kind of an escaped animal from the zoological gardens, and he never quite realizes the difference in botanical species between an "accounts payable" and a "bills payable." To present to a young law-school graduate a Dun's or Bradstreet's report and to expect him to understand it, is

as optimistic as handing your office boy Caesar's Commentaries in the original and expecting him to translate it. Even men of experience at the Bar have found it a liberal education to prepare a complicated commercial case for trial.

*Fifth* in the list of difficulties of which I would speak is perhaps the most serious problem with which you and I have to deal. In large cities like New York, Boston and Philadelphia, responsible attorneys can be secured with knowledge of the intricacies of bankruptcy practice, who can be relied upon for their integrity and loyalty to their clients' interests; but in certain smaller cities throughout the country, it is almost hopeless to find counsel free from entangling alliances, who have the necessary experience to handle difficult matters. If in such cases counsel from larger cities are retained, he will almost certainly run into a hornet's nest of petty jealousies. It is these local rings who would repeal the Bankruptcy Law. It is bad business for them.

These are some of the principal difficulties one encounters in the work of prosecuting commercial fraud. To meet these difficulties, the first point I should emphasize is that of *organization*. It is unfair and unjust that a small portion of the community interested as creditors in a particular failure should carry the financial burden of prosecuting a fraudulent bankruptcy case. The benefits to accrue from such a prosecution accrue to the mercantile community as a whole and the mercantile community *as a whole* should bear a fair share of the expense. It is true that this is partially done by the State, but the difficulties of procuring and arranging the evidence before the case can be presented to the prosecuting officers are so great that outside assistance has become almost an absolute pre-requisite to criminal prosecution. To meet this demand, your Association has undertaken to carry its fair share of the burden. One needs but read the bulletins to see the excellent work done by your Committee on Investigations and Prosecution, and I shall personally be most interested in hearing the report of the excellent year's work done under the supervision of its able chairman.

Other organizations like the Merchants' Protective Association in our city, the Fur Merchants' Association, the National Association of Woolen and Trimmings Men are doing like services for their particular trades. New associations are being formed. In recent years several bad failures have occurred in the lace trade. Prosecutions have failed, largely because of the lack of organization and a ready prosecution fund. Undoubtedly the time will come, if it has not already come, when the merchants in the lace trade, as in other trades, will find it to their own interest to organize.

But no matter how strong organizations will be in the future, and no matter how effectively they may cover the field, there are bound to be many cases in which merchants interested as creditors will have no ready organization at hand to take charge. In such situations, I recommend the course adopted by the Creditors' Committee in the Chesapeake Mfg. Co. failure. There two of the strongest merchants, one in Baltimore and one in New York, joined together and called in three others, thus forming a self-constituted Creditors' Committee. They immediately retained counsel, freely chosen, in whom they had confidence, and called upon their fellow creditors to join with them in placing their claims in their charge. The Committee's personnel was such that the other creditors were glad to have them take charge of the matter in their interest. Within a short time over sixty per cent. of the creditors placed their claims in the hands of the Committee. The saving of expense to the creditors was, of

course, obvious. It required strenuous work on the part of the Committee and especially on the part of its chairman. And it is only fair to say that if it had not been for the Committee and its chairman the results would not have been accomplished. The two most important men to select in every case of this character are the chairman of your Committee and your counsel. If these two men have the confidence of the creditors you can create a temporary organization that will be entirely effective for the purposes of that particular case.

This was the practice followed also in the matter of Hirschmann Brothers in New York, and resulted in producing some \$40,000 for the creditors. Such a committee must be tireless and courageous. It must be ready to sacrifice immediate gain in the hope of larger future results. And when all is over it must be prepared for scant praise from the very people for whom it has labored.

Within the limits of this address it has been impossible to say all of the things that I should like to have said. The subject is so broad and so full of interest to me that for my own pleasure I could detain you for the entire day, but for your sake I have cut out much that I would otherwise have said.

In conclusion let me speak a brief word on the value of this work. First, to the community; second, to those who are convicted, and lastly to the credit man and the lawyer.

I have endeavored to point out how the prosecution of commercial fraud is part of the effort of civilization to raise itself to higher standards. The community cannot but be indebted to the efforts of the men who are loyally seeking to raise the standard of "commercial honor." If thereby they profit in that commercial risks are reduced, society itself profits in the upholding and upbuilding of commercial character.

To the man convicted perhaps is given the first insight into the relation of the moral law to business. Many and many a man has first learned that business was more than business, that it involved observance of certain moral principles, when first arraigned at the bar of justice charged with commercial fraud.

To the credit man and the lawyer is given a broader vision and a deeper feeling.

In all my experience, I have never met a credit man or a lawyer who exulted over the conviction of any man prosecuted for commercial fraud. Where wives weep over unfortunate husbands at the bar, where children carry for the rest of their lives the burden of a father's sin and disgrace, there is no room for exultation. Perhaps there are in this country, business men capable of gloating over their success in sending some criminal to jail, but I have not met them. There is, of course, a certain amount of satisfaction in following out a trail, in circumventing a plot, in jumping technical hurdles, in getting the ball safely into the cup; but the satisfaction comes from the game itself. When it is all over, and you see your defendant standing at the bar, after the jury's verdict of "guilty," at the tense and dramatic moment when he is about to receive his sentence at the hands of the Court; and you see behind him at the same time innocent children too, who, regardless of their innocence, must share his punishment, there is no real pleasure in "carrying home the game." Instead, you cannot escape a feeling of sorrow for the sinner. Sometimes there crawls over you a little sickly fear, that possibly, just possibly, if you were in that man's place, with his ancestry, his environment, his temptation—you in his place—might have done as he did. Said the Bishop, as the man con-



demned to the guillotine passed his window: "There go I, but for the grace of God." And so when your defendant is at the bar convicted, ready for sentence, yes, in the very hour of your triumph, when the court gives praise to your perseverance, your skill and your disinterestedness, you find yourself asking, "Are his prosecutors free from sin?" "Did they contribute any part to his crime?" "Would they, conditions reversed, have done better?"

Credit men of the country, prosecute with vigor, when you do prosecute! Never stop until the guilty man is brought to the bar! But see to it, before you prosecute, *your purpose* is free from the dross of his guilt. See to it that if you were at the instant of his trial called to a higher bar charged with trick and device and fraud, for gain, you could, with a clear conscience, yourselves, plead "not guilty."

As I have said, the prosecution of commercial fraud is part of society's struggle to reach a higher level. We must raise the standards of commercial honor or we shall fall. We lawyers and we credit men must strive mightily to raise the standards of *other men*, but in this effort let us never forget that those "other men" include ourselves. That "other man" is your brother and mine.

(Long continued applause.)

Mr. H. Powell, Chicago—I rise for information. I would like to have Mr. Cohen's opinion on the value of the property statement made in writing direct to a creditor. I would like to know if in his opinion a criminal prosecution can be successfully conducted on it.

Mr. Cohen—I did not mean to give the impression that the property statement given directly to the creditor is less valuable than the commercial agency statement. Indeed, it is more valuable. The property statement is the direct statement made by the debtor to his creditor. If it be false it is a great deal easier to prosecute under it than under the commercial agency statement. But most property statements that I have seen in recent years need revision; and while I do not want to disclose something at present for which the time is not ripe, yet I apprehend that in a few years it will be very much easier to prosecute a man who gives a false statement, than it is at the present time. A very slight change in the law that I think you can get through in most states, will accomplish that purpose. (Great applause.)

President Gettys—We will now hear the report of the Committee on Investigation and Prosecution. In the absence of Mr. Oscar Wells, the Chairman of the Committee, the report will be read by Mr. R. E. Bramlett.

### **Report of the Investigation and Prosecution Committee.**

*To the Officers and Members of the National Association of Credit Men.*

GENTLEMEN: Last year at the Denver convention you passed five resolutions bearing directly upon the labors of this committee. In the first one you reaffirmed your determination to continue to protect commercial interests against fraud and expressed your appreciation of the establishment of bureaus by certain affiliated associations to carry on this work.

Again you adopted a resolution urging the members to support such efforts as would tend to eradicate fraud and to co-operate in the punishment of fraudulent debtors.

In the three other resolutions you called upon the affiliated associations to do certain specific things which the National Association deemed necessary to accomplish the results aimed at in passing the first two resolutions.

Your Committee, using these resolutions as the basis of its work, has sought to have the affiliated branches put them into practice, but can report only slight success. We are unwilling to say that there are not plenty of credit men who believe in this policy of co-operative effort to restrain men from dishonest acts and to punish fraud when discovered,



*Chairman of Investigation and Prosecution Committee*

OSCAR WELLS

Commercial National Bank, Houston, Texas

but very few in addition to those named last year have actually established bureaus by the appointment of committees and the raising of funds.

Considering the fact that those associations which have tested the plan and have carried out successfully a consistent program of prosecuting fraud as is shown by numerous recitals presented in the BULLETIN, are most enthusiastic in making the plan permanent, it is strange

that so many of the larger associations are indifferent to this phase of the work of the National Association.

Your Committee sent a copy of the resolutions mentioned above to each of the affiliated associations, accompanying same with an appeal to take up the work outlined therein. Subsequently by correspondence your Committee has succeeded in obtaining an expression from most of the associations defining the attitude of each toward this work. In many other instances we have failed to get a single reply.

From the extracts of letters compiled by the committee of last year and from the correspondence conducted this year, we have prepared and make a part of this report a table of comparative information, and would suggest that this convention give more than passing consideration to its contents in planning its future policy in regard to this important work.

The table is as follows, the column to the left summarizing the reports made by local associations to the committee of last year and that to the right, this year's returns.

Report of investigation and prosecution committee of last year, taken from correspondence of various local associations.

Information abstracted from correspondence conducted by present committee.

#### ATLANTA.

No report.

At a meeting held on May 10th, a committee was appointed to investigate the entire subject. Will report later.

#### BALTIMORE.

Left to each individual case brought before adjustment bureau.

Members do not seem to favor it. Secretary hopes to interest them later in the year.

#### BIRMINGHAM.

No report.

No answer to inquiries of committee.

#### BOISE.

Contemplate establishing fund for this purpose.

No answer to inquiries of committee.

#### BOSTON.

No report.

Has a local committee but no fund has ever been raised. The committee holds itself in readiness in case of especial need.

#### BUFFALO.

Have investigation and prosecution committee and considering matter of establishing prosecution fund.

Chairman has resigned and a new one has not been appointed. Have no fund.

#### BUTTE.

No report.

No reply to inquiries of committee.

#### CEDAR RAPIDS.

No report.

Promised to bring matter before the executive committee.

#### CHARLESTON, W. VA.

No report.

No interest shown in the matter.

#### CHICAGO.

No report.

Committee appointed to raise a fund of \$10,000, but work has not yet begun. Later reported had been doing some work in this direction.

#### CINCINNATI.

Have investigation and prosecution committee but no fund.

Membership favorably inclined but lacks funds to establish this work.

#### CLEVELAND.

Have investigation and prosecution committee and guaranteed fund, raised dues of members to form what will be known as a "Prosecution and Adjustment Bureau Fund."

Has a "paid in" fund of \$2 for each member and the association has been very active in this work.

#### COLUMBUS.

Plan to have each member subscribe \$100, payable on call, not to exceed 10 per cent. any one year. Expect to raise \$10,000 to \$20,000 in this way.

Have a guaranteed fund of \$5,000 subscribed on call, not to exceed 10 per cent. per year. No part has ever been used.

#### DALLAS.

Have no prosecution fund, but whenever occasion arises, ask interested creditors to stand prorata share of expense.

Appointed committee to devise ways and means of establishing this work in connection with Fort Worth. Question of violation of anti-trust law of the state being investigated.

#### DENVER.

Have had investigation and prosecution committee, and prosecution fund ten years, pledged for use when needed; do not collect from members unless necessary. Use association funds until a case is settled, and then draw on prosecution fund prorata. The work has been most satisfactory. Have had pledge of \$10,000 every year. During the ten years members have been called on to pay \$19.50, just 19½ per cent. of their subscription.

This association reports the same degree of success in handling their fund and that they have a good strong committee, with Mr. A. C. Foster as chairman.

The matter of obtaining publicity of their plan they find difficult. In every other respect they are carrying out the plan successfully.

#### DES MOINES.

Expect to establish investigation and prosecution committee.

Appointed a committee, but in the absence of immediate need for it, a fund has not been raised.

#### DETROIT.

Feel value of a fund for this purpose cannot be overestimated, since it is a deterrent, even if actual prosecution is not carried on.

Have appointed a committee, but it is thought that a fund could not be raised for this purpose.

#### DULUTH.

Have no fund for prosecution of fraudulent failures, but two cases under investigation present time.

Some Duluth members have signified a purpose of joining in this work, with the local association at St. Paul.

#### EL PASO.

No report.

Have pledged \$10,000 for this work.

#### FARGO.

No report.

In sympathy with the work but have no committee or fund.

#### FORT SMITH.

No report.

Has no fund but takes up as a body each case requiring investigation and prosecution.



#### FORT WORTH.

No report.

Appointed a committee with the view of establishing this work in conjunction with Dallas, but the question of violation of anti-trust law arose.

#### GRAND RAPIDS.

No report.

Association does not wish to take up the work at this time.

#### HOUSTON.

No report.

This association has been inactive for several months, and has just been re-organized.

#### INDIANAPOLIS.

No report.

No answer to inquiries of committee.

#### JACKSONVILLE.

Have investigation and prosecution committee, and fund \$8,000; firmly convinced will prove of great value.

No answer to inquiries of committee.

#### KANSAS CITY.

No report.

No answer to inquiries of committee.

#### LEXINGTON.

No report.

Upon investigation it was found necessary to amend charter before the work could be done. Promised report later.

#### LINCOLN.

No report.

No answer to inquiries of committee.

#### LITTLE ROCK.

Are in favor establishing prosecution fund; constantly having fraudulent failures; creditors invariably lose in each concerted action.

Association will not at present time take up this work, although may do so later.

#### LOS ANGELES.

Have guaranteed prosecution fund \$10,000. Committee has had several cases brought to notice; one now pending almost sure to result in conviction of defendants. Has been in existence about two years, and so far only one assessment upon members of 5 per cent. Are sure publicity given fund has had good effect.

Have guaranteed prosecution fund of \$10,000.

Have had occasion to levy two assessments of 5 per cent. each.

Doing good work with Mr. W. F. Bosbyshell as chairman of committee.

#### LOUISVILLE.

No report.

We have met with no encouragement to undertake this work upon the part of our members. Do not believe the time is ripe.

#### LYNCHBURG.

Have this work under consideration.

Association inactive. Expects to make a new start later.

#### MEMPHIS.

Propose to concentrate claims in adjustment bureau, and in this way investigate fraudulent failures and to prosecute; hope to create large fund for this purpose. Wish to know what other associations are doing and best method of handling the work.

Have no fund or committee. When a case comes up the adjustment bureau calls on interested creditors for funds.

## MILWAUKEE.

Have investigation and prosecution committee and fund; organized 1905; only members who subscribe to prosecution fund privileged to avail themselves of same. Largest individual sum asked, \$300. Subscription provides not more than 10 per cent. may be called for during any one year. Advertising seems to have accomplished results, as it has been widely heralded that the Milwaukee association has guaranteed fund of \$15,000 for investigation and prosecution of fraudulent failures.

Have a fund of \$13,450, which will be increased from new membership. Chairman Oscar Loeffler reports splendid work being done in this direction.

## MINNEAPOLIS.

No report.

Mr. Geo. W. Bliss, as chairman of the committee, reports \$8,100, subscribed, twenty-three members, and expresses the belief that at least \$15,000 will be secured before committee finishes its labors.

## MONTGOMERY.

No report.

No answer to inquiries of committee.

## NASHVILLE.

No report.

Secretary reports no fund and committee inactive, services not having been needed.

Chairman of committee does not answer inquiries.

## NEWARK.

Thinks the idea good one and should be adopted by all the associations; wants more detail.

Association in hearty sympathy with the work of your committee, but does not think this an opportune time to take up this matter.

## NEW ORLEANS.

This work is handled by entire board and each case taken up on own merits by superintendent of adjustment bureau, so far with best results. Have several important cases pending, and indications point to the punishment of two fraudulent debtors and excellent pecuniary results from others. Expense borne by general fund of association.

Doing a little work along same lines as last year, but have raised no fund and the committee is inactive.

## NEW YORK.

Have prosecution committee who have District Attorney Jerome's assurance that he will be glad to take up any cases the committee may recommend for action.

Have prosecution committee and report work in connection with district attorney. No specific fund reported.

## NORFOLK.

No report.

Association reported only in a formative state and impossible to get this work started.

## OKLAHOMA CITY.

No report.

In thorough sympathy with the work but desire to wait until after the convention, at which time delegates from this association can ascertain how other associations are doing along this line.

#### OMAHA.

Have for several years maintained an investigation and prosecution bureau, to which all the members are subscribers. During this time have had no occasion to use the bureau. The fact of the bureau being in existence has had the desired effect. This with protection afforded by bulk sale and bankruptcy law, has caused unscrupulous debtors to be careful in manipulating their affairs.

Have a fund but it has never been drawn on.

Find it difficult to take up investigation and prosecution because outside creditors will not co-operate with bureau.

#### PHILADELPHIA.

Have investigation and prosecution bureau. Will establish fund later on.

Have no fund but consider the adjustment bureau as investigation and prosecution department. Other things demanding support of membership preclude doing anything this year.

#### PITTSBURGH.

Have prosecution bureau and expect a large fund to be established at early date, as deterrent and for prosecuting fraud.

Have a fund of more than \$7,000, with 10 per cent. paid in, and an active working committee with Mr. G. Brown Hill as chairman. Have successfully undertaken several prosecutions this year.

#### PORTLAND.

Have investigation and prosecution committee, and started plan for creating fund to prosecute vigorously fraudulent transactions.

No answer to inquiries of committee.

#### PUEBLO.

No report.

Took the matter under consideration but never reported results.

#### RICHMOND.

No report.

Appointed committee but did not get report from it.

#### ROCHESTER.

Have investigation and prosecution committee. No action has yet been taken to establish prosecution fund.

After considering the matter of an investigation and prosecution committee for some time, have decided that the association is not sufficiently interested to maintain a committee.

#### ST. JOSEPH.

Independent work has been done for raising funds for prosecuting fraudulent failures; one case pending now; are in favor of some plan to provide permanent fund.

Our association has no committee for this purpose and so far we have not done anything along these lines.

#### ST. LOUIS.

Have investigation and prosecution committee, but have not yet formed prosecution fund.

The committee has not yet taken up actively the question of raising funds for investigation and prosecution of fraudulent debtors, and it is not likely that anything will be done before fall.

#### ST. PAUL.

No report.

A committee was appointed to work jointly with Minneapolis, but St. Paul committee did not report the result of its labors.

### SALT LAKE CITY.

Have guaranteed fund of \$10,000; \$1,500 in cash. No money used for the purpose of prosecuting fraudulent debtors as yet, but are giving the matter as much publicity as possible, and feel in this way very good results have been obtained.

While there exists a standing pledge of \$10,000 and a cash fund of \$1,500, nothing has been done toward prosecuting fraudulent debtors because it is hard to get creditors to make complaint.

### SAN ANTONIO.

No report.

No answer to inquiries of committee.

### SAN DIEGO.

No report.

Association discussed work in general way and concluded to amend constitution and by-laws to admit of this work. No further report was made.

### SAN FRANCISCO.

Have endeavored to establish prosecution fund. Desire details regarding movement.

Busy reorganizing association. Will see what can be done later.

### SAVANNAH.

No report.

No answer to inquiries of committee.

### SEATTLE.

No report.

The adjustment bureau set aside \$2,000 to be used in this work. This will probably be augmented.

### SIOUX FALLS.

No report.

Promises to take the matter up soon and report.

### SPOKANE.

Have within last year been interested in three prosecutions.

Do not believe it is possible to do anything with our association on that line.

### SYRACUSE.

No report.

We are in sympathy with the committee in its work, but the association is in its infancy yet and several other things must come first.

### TOLEDO.

Have adjustment bureau and in connection therewith a prosecution fund has been started.

Have no investigation and prosecution committee and all matters are referred to the executive committee. Have about \$200 out of membership dues to use on occasion.

### WICHITA.

Have investigation and prosecution committee. Expects to adopt plan suggested by National Association.

Have a committee and they have begun taking pledges running from \$25 to \$100, a part of which will be collected at first.

### YOUNGSTOWN.

No report.

Does not have a fund or committee, but every case in which any of our members are interested, has been vigorously prosecuted.

Realizes this is not the best way, but is endeavoring to get the association lined up in more approved form.



Your Committee has conducted an extensive correspondence with a view to having the affiliated associations take up this work of investigation and prosecution, and from our experience we are tempted to suggest that if any considerable number of the local organizations are induced to join in these efforts it must be done by the personal work of a good organizer who can go upon the ground and establish such a bureau among the members before leaving a locality.

It is most difficult to get local officers to take the initiative in such organization work and we believe the importance of the work fully warrants giving it the especial attention this plan naturally contemplates. Consequently your Committee introduces in their proper place resolutions covering its recommendation.

Your Committee made some investigations regarding the employment of some reputable detective agency, but abandoned the plan as impracticable because the fees asked were beyond what would justify a contract unless practically every local association signified a willingness to establish this bureau.

In conclusion we submit the following resolutions for your consideration:

"WHEREAS, The National Association of Credit Men through its untiring efforts directed against dishonest business practices has become the recognized leader in demanding that those responsible for fraudulent failures be duly punished, and,

"WHEREAS, The association has in recent conventions concluded that its efforts in the investigation and prosecution of commercial fraud can best be carried on through local bureaus established and financed by the local associations. and,

"WHEREAS, Bureaus have been established by some of the associations and have proved, by successfully conducted prosecutions, the efficacy of the bureau plan and the adequacy of the bankruptcy law; therefore, be it

"Resolved, That the association urges its affiliated branches to take immediate steps to form investigation and prosecution bureaus and thus bring their members into a united effort having for its object the determined prosecution of fraudulent debtors.

"Resolved, That the National office be authorized to assist local associations in establishing investigation and prosecution bureaus to the extent of furnishing an organizer whose actual expenses while so engaged shall be chargeable against the local association under whose direction he is working."

Respectfully submitted,

ARTHUR D. HODGSON,

H. P. FARR,

R. E. BRAMLETT,

J. WOLFF,

OSCAR WELLS, *Chairman.*

President Gettys—The report is received and the secretary will read the resolutions.

"WHEREAS, The National Association of Credit Men through its untiring efforts directed against dishonest business practices has become the recognized leader in demanding that those responsible for fraudulent failures be duly punished, and,

"WHEREAS, The association has in recent conventions concluded that its efforts in the investigation and prosecution of commercial

fraud can best be carried on through local bureaus established and financed by the local associations, and,

"WHEREAS, Bureaus have been established by some of the associations and have proved, by successfully conducted prosecutions, the efficacy of the bureau plan and the adequacy of the bankruptcy law; therefore, be it

"Resolved, That the association urges its affiliated branches to take immediate steps to form investigation and prosecution bureaus and thus bring their members into a united effort having for its object the determined prosecution of fraudulent debtors,

"Resolved, That the National office be authorized to assist local associations in establishing investigation and prosecution bureaus to the extent of furnishing an organizer whose actual expenses while so engaged shall be chargeable against the local association under whose direction he is working."

Mr. R. E. Bramlett, Dallas—I move the adoption of the resolution as read.

Seconded and unanimously carried and adopted.

President Gettys—Are there any other resolutions coming under the head of the work of the Investigation and Prosecution Committee?

Mr. D. L. Sawyer, St. Paul—While local associations in a great many instances, and in most instances can take care of prosecutions, there are times and there are instances where fraudulent failures occur, in which the creditors are so widely scattered that the local associations are not inclined to interfere, and it seems to me there should be a national committee and a national fund to be drawn upon in such cases. While we have tried this plan in the past and apparently it has not been a success, I think it would be well to try it again and see what we can make out of it, and for that purpose I desire to introduce the following resolution:

"WHEREAS, Numerous cases of fraudulent failures occur in different sections of the country where the creditors are widely scattered and it is hard to obtain concerted action, therefore, be it

"Resolved, That the National Association of Credit Men in convention assembled, request the president to appoint each year a committee called the 'Prosecution Committee,' with the secretary-treasurer as chairman, for the purpose of investigating and prosecuting those fraudulent failures, which on account of the conditions involved it is impracticable for local associations to take up; and further be it

"Resolved, That funds be raised for such purposes by requesting each house represented in this association to contribute five (\$5) dollars, and, when the fund on hand is reduced to less than ten thousand (\$10,000) dollars, an assessment of a like amount be levied; that on a petition signed by three or more creditors, of any fraudulent debtor, the prosecution committee shall investigate and prosecute said debtor."

Mr. Samuel Mayer, Cincinnati—I move that this resolution be referred to the Committee on Resolutions.

Motion seconded.

Mr. F. H. Randel, Cleveland—That resolution, it seems to me is put in here just at the right time, and if there are points to be brought out let us have the discussion on it now. I would like to hear the good points in it if there are any.

Mr. F. L. Pond, Denver—The resolution is of such character that

I think it should be discussed now. There is no use referring it to the Committee on Resolutions without knowing the sense of the convention. I believe personally if this resolution should prevail that it takes away from the local associations the responsibility which they must have in prosecution cases to make this work effective. Now if you take away from the local association the responsibility of having a fund on hand all the time that they can call on at a moment's notice, and if others who do not have such a fund, and who do not feel sufficiently interested in this matter to create a fund, can call on the local associations having funds and use money that others have subscribed for this purpose, they are going to do it in a great many cases, and they are not going to raise a fund, while under present arrangements they will probably do so. In Denver we have a fund of \$10,000 and have had for several years. In the last 10 years we have used only 15½ per cent. of that entire fund, and have prosecuted a good many cases. At the same time I think a resolution of this kind would take away the responsibility of the local association, and would be a very bad thing generally speaking, and I hope that the resolution will not prevail.

Mr. E. D. Flannery, New York—I merely rise to endorse the sentiments of Mr. Pond.

President Gettys—The question is to refer the resolution to the Committee on Resolutions.

The question being put, the vote stood 100 to refer and 207 against referring, and the President declared the resolution lost and the motion of Mr. Sawyer still before the convention.

Mr. Harry New, Cleveland—I do not think it necessary to adopt this resolution. I think that all credit men's associations having a prosecution fund should not consider whether or not their own members are the sufferers. The purpose we have in conducting these prosecutions is the general good, not the individual welfare of the members of the association. I can cite two cases handled by the Cleveland association, in one of which only three creditors were from Cleveland; and another case involving not one dollar of the money of Cleveland creditors in which we have now indicted eight parties who are coming up for trial at the fall term of the United States Court. These prosecutions are conducted for the general good, and I do not believe there is any reason for adopting Mr. Sawyer's suggestions.

Mr. C. T. Sullivan, Nashville—I move that the motion be tabled.

Seconded and resolution tabled.

Mr. M. H. Moise, Louisville—It has come to my notice that in numerous instances of failures where fraud is suspected the local creditors are very few. There was one case in Louisville recently where the local creditors' claims amounted to \$300, and outside creditors to \$25,000. Naturally, Louisville did not take the lead in prosecuting. It seems to me in such cases where the president and secretary of the National Association shall in their judgment find it advisable, that it should be within their power to give the local association such financial assistance out of the National Association treasury as seems to them wise. What we want to do is to secure for the local association as Mr. Cohen put it, an uplift, so that the prosecution of a dangerous case shall go on and shall not be dropped by the local association because of lack of means. I therefore move the following resolution:

*"Resolved, By the National Association of Credit Men, that under such conditions and circumstances as may be deemed sufficient by our*

president and secretary, they be authorized to lend financial aid for the prosecution of fraudulent failures to such local associations as may apply for same."

Mr. E. O. Harris, Nashville—I take pleasure in seconding that motion. I believe it will be of great assistance and benefit to the smaller associations and should pass.

Mr. E. D. Flannery, New York—I move that that motion be also tabled.

Motion seconded and carried.

Mr. A. H. Foote, St. Louis—It seems to me that the purport of these resolutions which have been offered—the object to be attained—is how to get in the selfish 40 per cent. that Mr. Cohen has spoken of, and perhaps some suggestion can be made along that line which would help solve the whole question.

President Gettys—Are there any other resolutions to be offered? If not, we will pass to the report of the Committee on Mercantile Agencies and Credit Co-operation. Mr. O. H. Perry, chairman, is unavoidably detained, and his report will be read by Mr. H. E. Smith, president of the Columbus association.

### **Report of the Committee on Mercantile Agencies and Credit Co-operation.**

GENTLEMEN:

Because of the fact that the work of this committee is two-fold, we shall, as former committees have done, make a "double-barreled" report.

#### **MERCANTILE AGENCY SERVICE.**

Immediately after the members of your Committee were notified of their appointment, a letter was sent to each local association calling attention to the report made at the Denver convention, and requesting that it be read and discussed at an association meeting. Favorable replies were received from at least seventy-five per cent. of those addressed.

Later, a letter was addressed to the presidents and secretaries of the local associations, asking for suggestions and complaints, if any, concerning mercantile agency service.

The replies were so numerous that it was impossible to acknowledge each individually, therefore we take this occasion to do so publicly, and to thank all for the suggestions made, and for the general interest shown in the work.

The tenor of these replies and the burden of the suggestions and complaints in many cases were similar to those touched upon in the annual reports for the past two or three years.

Anticipating these replies, a conference with the representatives of the Bradstreet Company was arranged for, in accordance with that company's offer to the committee of last year. This conference was held in Columbus, on April 16th last, those present being Mr. Harding of New York, Mr. Strobhar of Philadelphia, and Mr. H. B. Hutchinson of Columbus.

At the request of Mr. Douglass, Manager at Columbus for R. G. Dun & Company, a conference with the representatives of that company was also arranged for. This conference was held at Columbus, on May 16th, those present being Mr. Scarlett of Cincinnati, Ohio, Mr. Nixon of Cincinnati and Mr. Douglass.



To attempt to detail here all the subjects touched upon or discussed at these conferences would take too much time, therefore we shall mention only those which were referred to most frequently in the letters received by your Committee.

It was the purpose of your Committee, so far as possible, to settle definitely certain matters which have been in controversy for years, and to determine upon lines of work which can be pursued with profit in the future.

Your Committee does not take it upon itself to discuss these questions here pro and con, but having pressed these matters to a point where a definite statement has been secured, we allow the result to be reflected by the facts as presented to and through your Committee.

#### THE CONTINUATION OF THE DAILY OR WEEKLY NOTIFICATION SHEETS.

Neither of the agencies take any middle ground upon this question, but are emphatic in their opinion that this is an obsolete method and that they will, under no circumstances, take it up again.

The verbal reasons given your Committee for discontinuance, were practically those mentioned in detail in the correspondence as reported at length by your Committee last year, on pages four hundred and twenty and four hundred and twenty-two of the July BULLETIN. In our opinion, longer to continue this discussion with Bradstreet's or Dun's agencies would be a waste of time. We believe, however, that if the subscribers will investigate closely and take advantage of the opportunities offered in the matter of voluntary notification by special reports they will, as your Committee has done, reach the conclusion that the latter system is an improvement over the daily and weekly sheets.

How many of you in arranging with the agencies for reference books and for a certain number of reports (say fifty, one hundred, two hundred, or whatever your requirements may be), also arrange to file a list of your customers for special reports, should anything occur to change the capital or credit rating of those whose names are filed? We suggest that you discuss this matter with your local agency manager.

#### SUGGESTIONS MADE IN MANY LETTERS, THAT WHEN A REPORT IS COMPILED IN ANY TERRITORY, THE AGENCIES BE REQUESTED TO TRANSIT AT ONCE DUPLICATES TO ALL THEIR BRANCHES.

We find, upon investigation and consideration, that this would be an impossibility. We presume it is generally known that every report and revision thereof that is made anywhere throughout the United States, Canada or elsewhere, is filed in the New York offices of both Dun and Bradstreet.

More specifically on the subject of filing reports in branches other than the originating point, Bradstreet's says, in substance, that all of their offices carry full files of reports for which previous inquiry has been made. In addition, reports on specified lines, located in the trade centers, are always kept on file in the nearest office, also that offices in certain of the larger cities carry full files of reports on lines located in other sections, for the use of local subscribers. For instance, the Grand Rapids office could furnish information promptly on furniture dealers, wherever located; eastern states can get Pacific Coast information promptly through New York, while Chicago can furnish information on parties in the extreme South or West.

On this same subject, Dun's says:

"It might be of interest to your Committee to know that for the greater facility in getting quick results, we maintain what we designate A CENTRAL OFFICE SYSTEM, which means that subscribers located in any part of the country can secure reports upon parties located



*Chairman of Committee on Mercantile Agencies and Credit Co-operation*

OLIVER H. PERRY

Columbus Buggy Company, Columbus, Ohio

in remote sections by communicating with the nearest central office. For example, a subscriber in Nebraska or Montana desiring a report on a firm in Alabama, Georgia or any point in the East, can get it through Chicago, which is the central office for all points West, except the Coast. A subscriber in Illinois or Indiana desiring a New York report, can

obtain it in a few hours through Chicago, without the delay of sending to New York for it. St. Louis is central for Texas, Mississippi, Arkansas and the Southwest, etc., etc. It can readily be seen that a great saving of time is accomplished by maintaining this system, which involves considerable expense and the employment of a large extra force."

Your Committee also finds that in Columbus, for instance, copies of all reports compiled are forwarded promptly to New York, Chicago, and other offices.

It is evident, upon the most casual consideration, that the agencies could not enlarge the lines of work in the manner suggested without greatly increasing the cost of the service. It would be a useless expense and a cumbersome service to carry complete duplicates in all of the agency offices.

Your Committee has suggested (and the agencies have it under consideration) the advisability of carrying duplicates of all reports compiled, both in the Chicago and New York offices, just as are now carried in the New York office, and this is a feature which in the opinion of your Committee, will ultimately be found advisable.

#### MORE FREQUENT COMPILATION OF REPORTS AND NOTATIONS OF CHANGES IN CAPITAL AND CREDIT RATINGS.

We do not happen to have Bradstreet's statistics, but its representatives claimed changes of considerably over a million each year in their reference book.

The statements of Dun's representatives were practically the same. Their statement in detail is as follows:

##### "ANNUAL STATISTICS OF THE GENERAL REFERENCE BOOK.

Total number of names in January, 1909, issue.....	1,587,977
New names inserted .....	378,718
Names obliterated .....	348,312
Changes made in ratings and styles.....	364,071
Alterations made in bank list.....	55,057
Total number changes 1908 .....	1,146,158
Average 3,770 for each business day."	

#### THE QUESTION OF WITHDRAWING RATINGS ON ALL CONCERNS WHO DO NOT OR WILL NOT GIVE A PROPERTY STATEMENT.

Both agencies take a decided stand against this proposition. Their contention is that there are many ways of making up reports without taking a signed statement as the only basis for a rating.

To your Committee this question appears undeserving of the serious treatment it receives at the hands of many. It is our belief that if the ratings of all the houses with which the members of this association are connected were withdrawn, if they did not furnish a signed statement to the agencies, there would be a great many "blank-blanks" where excellent capital and credit ratings are now enjoyed.

Should we insist on predicating the ratings of our customers on one feature alone when we are sometimes not inclined to do what we demand of others?

#### WILL NOT THE COMMERCIAL AGENCIES MAKE A GREATER EFFORT TO GET SIGNED STATEMENTS, AND IF NOT ABLE TO GET THEM MAKE SPECIAL MENTION OF THAT FACT IN THEIR REPORTS?

Both agencies submitted the confidential instructions which they give to their branch offices, showing that special stress is laid upon getting

signed statements. They also submitted their statement forms (which, no doubt are, or should be, familiar to all credit men) but it often seems easier to ask for a signed statement than to get it.

Wherever the withholding of a statement seems to cut any figure, it is the policy of the companies so to state.

Your Committee has examined a great many reports of both agencies and finds their statements correct as to many, but not a majority of those examined.

#### A MORE EXTENDED REPORT CONTAINING A GREATER NUMBER OF TRADE OPINIONS OR ACTUAL LEDGER EXPERIENCE.

On this point Bradstreet's representatives, voicing the sentiment of their company, expressed their desire to improve and increase the amount of trade information in their reports. Their statements are borne out by the fact that from reports we have gathered from various local associations and individuals, as well as from other sources, we learn that Bradstreet's is asking for trade information more frequently and is embodying it in its reports much oftener than was the case two or three years ago. It further states and lays special stress upon the fact that the greatest improvement in mercantile agency service in this respect can be brought about only by the co-operation of its subscribers.

On the same subject, Dun submits in writing, through your Committee, the following:

"We are pleased to have attention called to the subject of trade information. Being the pioneers of this particular line of work we have always endeavored to make it a feature of our reports. We are compelled, however, to disguise our efforts in many cases by grouping information received from several sources in order to prevent disclosing the identity of any single authority. If we felt free to convey individual experiences as we received them a much more satisfactory report could be made. A very serious handicap, and one that seems to be growing, is the refusal of many leading houses throughout the country to give any information about their customers; yet these houses are the patrons of the mercantile agencies, and no doubt expect perfect agency service. There are others who refuse to give their experience without a *quid pro quo*. On the whole we are seriously hampered in our efforts, but notwithstanding this we are steadily improving our service in respect to trade information."

#### MORE ORDERLY AND UNIFORM ARRANGEMENT OF THE VITAL PARTS OF REPORTS.

Upon this subject Bradstreet's says: "We are ready at all times to make such improvements as are for the good of the service, but we observe a vast difference of opinion, even amongst the members of the Credit Men's Association, as to the proper construction and form of reports. What seems to suit one does not meet the requirements of another. We aim to formulate our reports in such a way as to give as briefly as possible the facts and information the credit man is after and to make the reports as nearly uniform in appearance as possible."

It further says, however, that it will consider the recommendation of the Committee, to make more prominent in its reports information concerning expense, volume of business and insurance.

On this subject Dun's says: "As to what a report should contain to make it in all respects complete we do not need advice. The absence from a report of a fact it should contain places us at a disadvantage,



in so far as it shows only what we have accomplished, no credit being given for time and labor expended upon the unattainable.

"Concerning the general construction of our reports, we aim to observe as far as practicable a proper order of subjects, but we cannot consent to meet the views of anyone who looks for a report based on any kind of a formula.

"Our private instructions to our offices as to the correct reading of reports and as to general construction is:

"(1) The important facts regarding antecedents, such as previous locations, past history or connection with other firms, fires, failures, etc.

"(2) The totals of statements previously given.

"(3) Full details of new or last statement.

"(4) All known facts regarding real estate claimed.

"(5) If statement can be accepted as correct, say so; if not give outside opinions of a fair valuation for each item, allowance for exemption, or other cause, and then a fair estimate of net worth as a basis for credit, finishing the criticism of the statement before touching on any other subject.

"(6) Character, habits, personal and credit standing, including debt-paying reputation, prospects, etc."

#### FEATURING TOWNS AND CITIES IN REPORTS OR IN REFERENCE BOOKS TO INDICATE PREVAILING INDUSTRIES.

Bradstreet's says that this is an interesting point and one which is worthy of attention and that it shall take the matter under consideration.

Dun's states as follows:

"Your Committee recommends featuring some towns and cities in the reference book, to indicate the predominating industries such as furniture for Grand Rapids; iron for Birmingham, etc., etc. We believe after a little reflection, you will agree with us that the manufacturing industries of the country are not yet sufficiently specialized as to localities to render such suggested designations either necessary or desirable."

#### SOMETHING TO INDICATE BY CHARACTER OR OTHERWISE THE PROBABLE NET WORTH OF FIRMS OR PERSONS WHO NOW HAVE "BLANK-BLANK" RATINGS.

Upon this subject Bradstreet's says: "This is a matter to which we have given a great deal of thought and attention, and while it does not seem possible to give in our reference books, in case of 'blank-blank' rating, any idea by character or otherwise, upon which to base credit, still we are trying to show in each edition as published a smaller number of names with blank ratings, and we think you will find a large decrease in the blank ratings in our present books as compared with those of a few years ago, and we hope to show a smaller number of blank ratings from time to time."

#### REPORTS POORLY WRITTEN AND CONSTRUCTED.

Both agencies expressed a desire to co-operate with the Credit Men's Association in the improvement of the mechanical work as turned out by their branches, and it is their expressed wish that the credit men carry into effect the resolution adopted by the National Association of Credit Men last year, upon that subject.

Dun's submits a formal report upon that subject, which we quote in full:

"The mechanical work turned out by our offices, while not strictly uniform, it is our purpose to have the best that money and skill can produce. The enormous quantity of typewritten matter that we are required to prepare in the shortest time possible may occasionally lack that style and finish which we could safely insure were it not for the fact that nearly every demand that is made upon us for reports is accompanied by a request for a quick answer. We are always pleased to have our attention directed to the substance, construction or printing of any report that does not appear satisfactory."

Bradstreet's in its statement says that it is its desire, when a credit man receives a report that is hard to read or where the mechanical work is not up to the standard, that it be refused and returned to its local offices for correction.

IMPROVEMENT OF SERVICE BY GIVING FRESH UP-TO-DATE INFORMATION  
INSTEAD OF "REHASHING" OLD INFORMATION WITH THE PROMISE  
TO SEND LATER, BUT WHICH "LATER" FREQUENTLY DOES NOT COME.

Upon this subject Bradstreet's says that it is its intention to give as nearly as possible, up-to-date information, and if its representatives at branch offices do not give the later information when promised it is primarily the fault of the service, while a continuance of it is partly the fault of the subscriber who does not call attention to it.

MORE INFORMATION IN REPORTS CONCERNING CHARACTER, HABITS,  
HONESTY, ETC., AND ESPECIALLY IN THOSE OF THE LOWER  
GRADE OF CAPITAL AND CREDIT RATINGS.

Bradstreet's says that it tries to give as much prominence to this feature as to the capital information in its reports. On this point, however, it finds considerable difference of opinion. It is criticised by some because it pays too much attention to character, habits, etc., while it is criticised by others because it does not pay enough attention to that feature. From the information it gathers, it tries to make a well balanced report as to both of these features.

Upon this subject Dun's says: "We are reminded that in the case of small traders, sufficient attention is not given to reporting character, habits, honesty, etc. This is the first and only occasion in our experience of nearly seventy years that such criticism has been made. The fact is that these qualities have always been introduced into reports so lavishly that in recent years we have been trying to eliminate what seemed to be stereotyped expressions and permit only what could be based upon very thorough and careful inquiry. We are aware of the desire on the part of a dispenser of credit to know all that he can learn about the habits, character and honesty of a debtor, but all he desires to know is not in every case possible to obtain. Therefore, we do not give to any man credit for possessing virtues that we neither know nor can learn anything about."

Many suggestions made to your Committee were not discussed either for lack of time or because such suggestions were received after both conferences had been held. A few of these suggestions are as follows:

First. More prompt advice in case of assignment or the filing of bankruptcy petitions, the filing of mortgages and transfers of property.

Second. More prompt advice in case of death, particularly so if the death occurs to a responsible head of a concern.

Third. Prompt advice in case of loss by fire, giving details regarding insurance, if possible.

Fourth. A better knowledge on the part of reporters concerning exemption laws.

Fifth. A "weeding" out of the service of many incompetent, careless reporters who are responsible for a large part of the criticisms concerning mercantile agency service.

Your Committee was especially pleased with the spirit of fairness and justice shown in practically all of the communications received by them from the local associations and individuals.

On the other hand, the spirit of the agencies tends toward a greater co-operation on their part and a desire for a more active co-operation on the part of every member of the National Association. Moreover, there is a feeling with the agencies that they are not infinite either in knowledge or wisdom. On this point, Dun's says: "We realize the possibilities of human efforts and skill and are therefore prepared to admit that perhaps some things that we have done, might have been done differently, and some, perhaps, better, but nothing that we have attempted has ever lacked a conscientious regard for the interests of those whom we are striving to serve. In the general conduct of our business we are actuated by a desire, not only to furnish complete and satisfactory reports that may prove a safe guide to the dispenser of credit, but also to promote the interests of the buyer as well. We acknowledge a deep sense of appreciation for the broad and generous manner in which you have seen fit to view our efforts and for the very cordial treatment accorded to our representatives."

On this subject Bradstreet's says: "We have not by any means reached that state of perfection whereby we will not receive or ask for suggestions, but on the other hand we will give courteous consideration to anything that is practical and incorporate into the service such practical ideas as soon as time and cost of doing so will permit."

Under mercantile agency service your Committee offers the following resolutions, the first one being a reiteration of the one adopted last year:

"WHEREAS, The commercial agencies have on various occasions expressed a willingness to co-operate in securing greater accuracy and more satisfactory service in the character of their special reports, be it

"*Resolved*, By the National Association of Credit Men, that its members be urged to refer back to the agencies, in all cases, special reports that are, for any reason, unsatisfactory, thus, not only giving them opportunity to revise and correct the reports in question, but also aiding the agencies in securing that higher standard and efficiency in their reports which they express a desire to maintain."

"WHEREAS, It is the final decision of the commercial agencies that they will not again publish the daily or weekly notification sheets, but on the other hand, express a willingness to extend the service and usefulness of the voluntary reports, be it

"*Resolved*, By the National Association of Credit Men, that we embrace to the fullest extent the opportunities and the services offered by the commercial agencies in the matter of voluntary reports by filing with them a list of customers upon whom we may not wish a regular report, but desire prompt notice of any change in their financial or credit rating."

CREDIT CO-OPERATION.

In accordance with the resolution offered at the convention at Chicago in 1907, and reaffirmed at the Denver convention in 1908, condemning the practice of short payments and unfair deductions in making remittances, your Committee begs to report that the blank forms, embodying the suggestions made in the report of last year, together with two forms of letters, have been prepared. These letters are as follows:

X

THE BRADSTREET Co., or  
R. G. DUN & Co.

GENTLEMEN:

Pursuant to resolutions adopted by the National Association of Credit Men, we beg to report the name of.....

.....  
.....

who has remitted us and unjustly deducted \$..... { Cash Discount  
Freight  
Other Claims

.....

No case will be reported until the offender has been given opportunity to make correction. Cases involving dispute due to error or misunderstanding will not be reported.

Signature.....

Y

NATIONAL ASSOCIATION OF CREDIT MEN.

41 PARK ROW, NEW YORK CITY.

At a recent convention of the National Association of Credit Men, the following resolutions were unanimously adopted:

*"Resolved, That the National Association of Credit Men in convention assembled, does condemn the growing practice of making 'short payments' in settlements by deduction of excessive discount and unjust claims."*

*"Resolved, That the Mercantile Agencies be asked to take cognizance of such practices in formulating their ratings, as firms which habitually settle their bills in this manner are not worthy of 'high credit' rating."*

*"Resolved, That the members of the National Association of Credit Men be requested to furnish the agencies from time to time with the names of firms making 'short payments,' in order that such information may be furnished to inquirers as an essential feature of the report."*

The Mercantile Agencies of Dun and Bradstreet have agreed to



co-operate with the National Association of Credit Men and will embody the information referred to in their reports.

This notice is sent to you at the request of one of our members.

Yours truly,

NATIONAL ASSOCIATION OF CREDIT MEN.

At a recent convention of the National Association of Credit Men, resolutions were unanimously adopted condemning the practice of "Short Payments," or unfair deductions in making remittances. One of the resolutions requested that the members of this association furnish the Mercantile Agencies with the names of business houses following this practice, in order that the agencies may include this item as an essential feature in their special reports. The agencies were furnished with copies of these resolutions, and the following letters have been received from them on the subject:

"NATIONAL ASSOCIATION OF CREDIT MEN,  
New York City.

"DEAR SIR: Yours of the 4th inst. came duly to hand, and its contents have been carefully noted. It is, and will continue to be our practice to take cognizance of what is termed 'Short Payments' in making settlements, by the deduction of excessive discounts and unjust claims. We shall appreciate the co-operation of credit men. in furnishing to us, from time to time, names of firms that may be properly placed in this category.

Yours very truly,

-R. G. DUN & Co."

"NATIONAL ASSOCIATION OF CREDIT MEN,  
New York, N. Y.

"DEAR SIR: We duly received your favor of the 4th instant containing a copy of the resolutions adopted at the convention of the National Association of Credit Men.

It has always been regarded a necessary part of the work of this organization to take cognizance of the practices referred to, and to make such use of the information as the facts in each case warrant. We will, again, by special instructions to our superintendents, impress upon them the importance of this feature. We are pleased to note that the members of your association have been requested to transmit information of this character to Bradstreet's, for it is by such co-operation that best results are to be obtained.

Yours very truly,

BRADSTREET COMPANY."

The above letters speak for themselves, and while it is not the intention of this association to adopt the drastic measures suggested in one of the resolutions referred to, believing that all that is necessary is to call attention to the matter, yet a continuation of the practice will make it incumbent upon the association to report such names to the Mercantile Agencies, because in justice to those concerns who pay their bills according to the terms of sale, those who do not do so should not have the same grade of credit rating.

Yours truly,

NATIONAL ASSOCIATION OF CREDIT MEN.

NOTE.—This form to bear the imprint, if desired, of the firm using it.

Your Committee sent out about two hundred letters calling for comments on these forms, and of the replies received, about fifty per cent. were favorable to their use, and many of the letters commending the forms also contained orders, while about the same percentage of replies was unfavorable, some few of them indicating very serious opposition to the proposition, many others expressing no opinion. From the correspondence, your Committee reached the conclusion that the question of the use of such blanks was in a large measure dependent upon the character and location of the business of the member. The opposition came in general from members selling to a class of trade in which the number of houses in the same trade center selling to the same class, is limited. These members expressed themselves as preferring, if they were to take up the matter, to do so by personal letter rather than to allow their customer to infer that they were seeking to correct an evil indirectly.

In the light of this, and considering the fact that there is such an apparent division of opinion as to the advisability of using these blanks, we do not put the matter in the form of a resolution for the reason that we should not care to recommend that the convention bind itself or those of our members whose business relations would be unfavorably influenced by such resolution; but inasmuch as both Bradstreet's and Dun's agencies are willing and anxious to co-operate with the credit men and take cognizance of reports of excess discounts, short payments, etc., in compiling their reports, and inasmuch as so large a percentage of our members expresses the opinion that these evils should be corrected by so reporting, we think it proper to reaffirm the action of the last two annual conventions and recommend that our members continue to report such deficiencies to the mercantile agencies.

Upon the subject of interchange of credit and ledger information, your Committee has spent considerable time and conducted a large amount of correspondence, and were we to attempt to give even an abstract of the many letters received, a large volume would be required. We addressed letters to each of the sixty-seven local associations, and received thirty-six replies, all of which were interesting and go to show that this subject is occupying more and more attention. From the replies we received we gather that twelve of the local associations heard from have no bureaus for the exchange of credit information between their local members nor with any other local association, that three are considering establishing such a bureau, and two are conducted by a mercantile agency. Twelve of the associations have bureaus which compile reports, while seven use the card system, furnishing the inquiring member with the name or number of the houses selling the customer who is the subject of inquiry. The average cost to each member for the various methods employed runs all the way from \$15.00 to \$240.00 per year.

A few of the associations advocate the adoption of a general exchange bureau among all the associations. In our opinion the establishment of such an interchange bureau is impracticable at the present time, not only because of the great cost involved in the launching of such an enterprise, but also because of the fact that there is such a diversity of opinion among our various local associations as to forms, methods and the extent to which this work should be carried.

Your Committee appreciates greatly the interest that is being

taken by the associations in this subject, as shown by the letter to the Committee, but as there is no established nor uniform plan of arrangement that seems practical or possible at the present time for national interchange of credit, and as the item of cost to conduct a national bureau seems prohibitive on any basis that has yet been outlined, your Committee feels, as was set forth by previous committees that no steps should be taken by this association at the present time toward the establishment of a national interchange bureau. If such a bureau shall in time be established it must come as a matter of evolution, as that alone will tend toward uniformity and there must be a greater uniformity of plan before such a bureau can be established as well as due consideration of and provision for the expense.

Along the line of evolution, however, it is proper for your Committee to mention the fact that in several sections of the country it would not only be possible, but expedient, for the associations in these sections selling over the same trade territory to arrange a sectional interchange between the various associations covering such territory. With this in mind, your Committee, during the past year, caused a meeting of the secretaries of the Cleveland, Toledo, Youngstown, Cincinnati and Columbus associations to be held, the result of which is that they have established a reciprocal arrangement among their bureaus by which a member in any one city, desiring to secure information from a bureau in any other city, may send his inquiry direct to the bureau in the city from which he seeks the information and receive in reply an immediate response, giving the numbers of the members in the bureau from which inquiry is made. The local secretary has in his office a guide indicating the houses corresponding to the numbers, so that upon receipt of a letter the member is immediately placed in touch with the houses not only in his own city but in the other cities to whose bureaus inquiry is directed and who are interested in this customer. This service has proven very satisfactory among the cities mentioned and your Committee recommends the adoption of this plan whenever there is more than one bureau covering the same trade territory. The Sectional Cabinet, as it is called, hopes later on to have the co-operation of Pittsburgh, Charleston, Louisville, Indianapolis and Buffalo. By this means, a plan may be perfected which may be broadened in its scope so that instead of having a central office for the clearance of this information an arrangement may be effected by which the member himself may call upon bureaus in the various cities where his customers are likely to be buying and in this way accomplish at practically no expense the result which is hoped for by those advocating the establishment of a national bureau; and should it be possible to develop this feature of our work to that extent, your Committee would feel that its efforts during the present year were not unrewarded.

From the quantity of the correspondence touching this subject your Committee is of the opinion that one defect in the system in many of our cities has been caused by a desire to get service too cheaply and with meager investment in bureau facilities; most of the bureaus operating on the card index system are scarcely self-sustaining and it is thought that a larger fee would be rewarded by many times the return which is now received by the members paying the smaller fee. We commend the spirit in which these institutions were fostered and appreciate the fact that development comes slowly and that experience alone will develop the most

desirable results; yet we cannot but comment upon the feeling as indicated by our correspondence that if the simple plan proves profitable how much more profitable would be an enlarged plan by which the secretary or persons in charge of the bureau would be enabled through adequate equipment and sufficient assistants to furnish invaluable reports, giving full compilation of ledger experience of the entire membership with the customer inquired upon, and furnishing the same to the inquiring member within a limited time.

Your Committee appreciates the fact that aside from the interchange bureau there is a very large interchange of credit information among the members in various cities, whether or not they have bureaus, and this is a subject which has caused considerable comment, much commendation and some criticism. As modern business methods develop we believe it is more and more the tendency to give freely of your information to every inquirer who may be entitled to consideration. We believe it is the growing tendency to rely more and more upon trade experience and that inquiries are being answered more promptly and more freely than ever. At the same time complaint has been made to us from various quarters that information given in confidence has not been so regarded by those receiving it. While these instances have been called to our attention it is impossible for us to believe that a reputable house would take advantage of information furnished in this spirit, and it should not be necessary for your Committee even to suggest that where confidential information is asked for it should be treated in the spirit in which it is given; but such breach of confidence and abuse of courtesy between our members having been reported to us we feel it is our duty to speak of it to all members of our association and to impress upon them the necessity of the utmost good faith in this regard. We believe that such abuses would be less were our members to make it a practice to use the trade inquiry blanks recommended and furnished by the National Association of Credit Men, and we do not believe that it is a breach of propriety or courtesy for one member to decline to give information on an inquiry which does not contain the experience of the member making the inquiry, and this would not be the case were our members to confine themselves to the use of the blanks above mentioned.

Your Committee realizes that this is a long report, but it is no longer than was found necessary to give the convention a proper idea of the mass of matter which has come to its attention during the year, an amount so great that it was not possible to give everything its proper attention. Though realizing that the work for improved mercantile agency service is closely inter-twined with the development of more perfect credit co-operation among our members, your Committee is satisfied that the purposes of the association would be better served, were there created two committees to replace and assume the work of the Committee on Mercantile Agencies and Credit Co-operation, and accordingly in the proper place submits a resolution covering this recommendation.

In concluding this report we desire to thank the members of the National Association of Credit Men and the affiliated branches for their many courtesies and their painstaking replies to the communications sent to them and for the spirit of co-operation shown to your Committee by so many of the members when it has been necessary to call upon them for information or suggestions, and also to extend our sincerest thanks to the officials of the National Association of Credit Men for the courtesies and assistance they have extended to us.



In conclusion your Committee desires to offer the following resolutions:

*"Resolved, By the National Association of Credit Men, in convention assembled, that the practice of short payments and unjust deductions in rendering settlements, be most seriously condemned, and that our members be requested in all such instances to make prompt report of such practices to the mercantile agencies, so that such information may be embodied in their reports and that when at all practicable our members be requested either to use the blanks furnished by the National Association or correspond directly with the offending customer with a view to reducing the frequency of this evil."*

*"Resolved, That we most heartily commend the free interchange of credit information and ledger experience between the members of this association, whether by means of an interchange bureau or by direct communication one with another; and be it further*

*"Resolved, That we recommend that our members use the trade inquiry blanks furnished by the National Association of Credit Men, and that they be requested in all instances, when making an inquiry, to embody their own information in the request."*

*"Resolved, That we recommend that the various branches of the National Association of Credit Men, wherever possible, foster, encourage and support bureaus for the interchange of ledger information and credit experience."*

*"Resolved, That the National Association of Credit Men approve and encourage the sectional interchange of ledger information between the various bureaus throughout the country, covering the same trade territory."*

*"Resolved, That for the better prosecution of the work which falls to the Committee on Mercantile Agencies and Credit Co-operation, there should be created two committees to be known first, as Committee on Mercantile Agency Service, and second, as Committee on Credit Co-operation, each to assume that portion of the present committee's work which its name designates and that at the next annual convention an amendment to the constitution be proposed making such changes."*

Respectfully submitted,

C. C. ALER,  
J. E. JONES,  
F. C. RICE,  
H. E. SMITH,  
O. H. PERRY, *Chairman.*

President Gettys—The report of the committee has been received and the secretary will read the first resolution.

*"WHEREAS, The commercial agencies have on various occasions expressed a willingness to co-operate in securing greater accuracy and more satisfactory service in the character of their special reports, be it*

*"Resolved, By the National Association of Credit Men, that its members be urged to refer back to the agencies, in all cases, special reports that are, for any reason, unsatisfactory, thus, not only giving them opportunity to revise and correct the reports in question, but also aiding the agencies in securing that higher standard and efficiency in their reports which they express a desire to maintain."*

Motion made, seconded and carried unanimously adopting the resolution.

"WHEREAS, It is the final decision of the commercial agencies that they will not again publish the daily or weekly notification sheets, but on the other hand, express a willingness to extend the service and usefulness of the voluntary reports, be it

*"Resolved,* By the National Association of Credit Men, that we embrace to the fullest extent the opportunities and the services offered by the commercial agencies in the matter of voluntary reports by filing with them a list of customers upon whom we may not wish a regular report, but desire prompt notice of any change in their financial or credit rating."

Mr. H. E. Smith, of Columbus, moved the adoption of the resolution. Seconded.

Mr. S. G. Rosson, Baltimore—I would like to know whether or not the agencies have decided to permit subscribers to file with them a list of their customers, and will notify each party interested whenever anything has occurred which is of interest regarding any customer on said list whether or not they have ever inquired, and if so, what charge is made.

Mr. H. E. Smith, Columbus—I believe if you will take that matter up with the local managers you will find it has been their custom for several years to give you information free of charge on a list of customers equal to the number for which you are paying. In other words, if your contract calls for a book with 300 reports, you have permission to file an additional 300 on which you get special reports without any charge. The agencies will also accept an additional number of names for a small fee. That is a matter between you and your local manager.

Mr. A. W. Sevringhaus, Evansville, Ind.—I had the privilege of giving our local agency office 2,500 names on a subscription of 200. It has offered to give us voluntary service on 2,500 names.

The second resolution read was unanimously adopted.

*"Resolved,* That we most heartily commend the free interchange of credit information and ledger experience between the members of this association, whether by means of an interchange bureau or by direct communication one with another; and be it further

*"Resolved,* That we recommend that our members use the trade inquiry blanks furnished by the National Association of Credit Men, and that they be requested in all instances, when making an inquiry, to embody their own information in the request."

Mr. W. A. Given, Pittsburgh—I move the adoption of the resolution. I think that the work of this committee is one of the most important that can come before this convention or before the association, because it deals directly with the association's first principles. In late years we have given a great deal of attention to adjustment bureau and prosecution bureau work, and while I am heartily in sympathy with these departments of our work, I feel that the tendency is to forget or to omit to give sufficient attention to these first principles. Take for instance, all our lines of work—adjustment, prosecution, legislative and others—what are they? Boil them all down to a finality and they just mean an endeavor to eliminate the loss of accounts from our credits. Now that is right, and we ought to do all that we can in this direction. But I submit that these efforts at prosecution and adjustment are merely

an endeavor to correct, so far as may be, the errors of credit men in passing unwisely on undesirable accounts.

Now then, why should not we give more attention to the work of the mercantile agency service and credit co-operation committee, which deals directly with this question? This effort of ours for prosecution and investigation is like locking the stable after the horse is stolen. Now this committee is trying to put into our hands the key with which to lock the stable before the horse is stolen.



*Director*

F. J. LA MOTTE

Chesapeake Shoe Company, Baltimore, Md.

If we can, by increased information, lessen our losses, there will not be so much work, and we will not need to expend so much money for prosecution and for adjustment. Let us apply the ounce of prevention and then we will not need the pound of cure. (Applause.)

Motion seconded and resolution unanimously adopted.

*"Resolved,* That we recommend that the various branches of the National Association of Credit Men, wherever possible, foster, encourage and support bureaus for the interchange of ledger information and credit experience."

Mr. J. H. Kentnor, St. Louis—I move the adoption of the resolution.

Seconded and adopted unanimously.

Secretary Meek—The following resolution I overlooked reading:

*"Resolved, By the National Association of Credit Men, in convention assembled, that the practice of short payments and unjust deductions in rendering settlements, be most seriously condemned, and that our members be requested in all such instances to make prompt report of such practices to the mercantile agencies, so that such information may be embodied in their reports and that when at all practicable our members be requested either to use the blanks furnished by the National Association or correspond directly with the offending customer with a view to reducing the frequency of this evil."*

Mr. A. Landauer, Milwaukee—I move the adoption of the resolution.

Seconded.

Mr. A. F. Maxwell, Pittsburgh—That is a very good thing, but it seems to me we ought to go a little further. I doubt if many here have a very large percentage of reports coming to their desks that contain any great amount of trade information. With all respect to the agencies, for I appreciate possibly more fully than many others the effort and expense necessary to assemble this information,—I believe you will find that invariably they close with a remark similar to this: "In the trade they are found to be meeting their obligations as agreed." I have found several cases in our own experience that did not quite tally with that description. Being on very close terms with the local manager he would send me a tab of their trade reports which is used and sent out on inquiries, and whenever I find that the report does not agree with my own experience I give that experience to the agent and refer to such others as I know are selling them. I believe we owe it to each other to do this, because we do not know that Louisville, for instance, is selling one of our customers, possibly, but the agent does, and by transmitting your experience through the agency you will help your brother and perhaps sometimes save him a bad loss.

President Gettys—Have you an amendment?

Mr. Maxwell—No, except to say that we ought to emphasize more the co-operation of the agencies, not only the short payment proposition, but that of discounts, and the complaints, and similar items, which are of great importance to you in opening a new account, but I have no amendment to offer.

Resolution unanimously adopted.

*"Resolved, That the National Association of Credit Men approve and encourage the sectional interchange of ledger information between the various bureaus throughout the country, covering the same trade territory."*

William L. Fox, of Buffalo, moved the adoption of the resolution. Motion seconded and unanimously adopted.

Secretary Meek—The next resolution is as follows:

*"Resolved, That for the better prosecution of the work which falls to the Committee on Mercantile Agencies and Credit Co-operation, there should be created two committees to be known first, as Committee on Mercantile Agency Service, and second, as Committee*



on Credit Co-operation, each to assume that portion of the present committee's work which its name designates and that at the next annual convention an amendment to the constitution be proposed making such changes."

Mr. F. C. Dorn, Cleveland, moved the adoption of the resolution. Mr. A. J. Hoefner, of Buffalo, seconded the motion.

Unanimously carried and adopted.

Mr. George W. Ryan, Pittsburgh—I have attended a great many of these meetings and believe that this report is one of the finest I ever read on the subject; and whether or not you split the committee and make two out of it I think your old committee should be retained. For the past several years this committee has come to these conventions and thrown bouquets at Dun and Bradstreet. These agencies have furnished letters which have been read in your conventions. In them are promises to do certain things, for the agencies generally realize that if they safely pass this convention they will be practically left alone for another year, because in our weakness we have been in the habit of appointing a fresh committee each year. This new committee, therefore, takes up an entirely new line of work and begins at the beginning and calls a meeting of the Dun or Bradstreet parties in some section of the country with the result that the same old straw is threshed over. Now this committee has accomplished a great deal, and I think it would be unwise to let it go.

Whether it is proper that I should put it in the shape of a motion I do not know, but my recommendation is that it should be the sense of this convention that the incoming administration should continue the present committee, and if it is proper, Mr. Chairman, I will offer that as a motion.

President Gettys—You move that this convention request the incoming administration to reappoint the present committee on mercantile agency service?

Mr. Ryan—I so move.

Seconded by S. B. Lynd, of Louisville.

Mr. Max Silberberg, Cincinnati—I wish to offer an amendment to that resolution to strike out the word "fresh" and substitute for it the word "new" committee. (Laughter.)

Amendment accepted.

Mr. M. E. Bannin, New York—I hope such a resolution will not prevail. I do not think that it is proper to hamper a new administration. I am quite in favor though, of the spirit of the resolution. It has been gratifying indeed to me to read the letters from the commercial agencies and compare them with the letters showing the attitude that they took years ago with this association. The agencies are so much more conciliatory now and desirous of conforming to the resolutions passed in this assembly, that I think that they have come to a sense of their duties—I may be a little long in giving my explanation, but I would advise that a suggestion might be made that the coming administration do this, rather than have it imperative upon them, and say that they should do it.

Mr. George W. Ryan, Pittsburgh—My motion was to the effect that it be the sense of this convention that the incoming administration should continue the old committee without any reference to making it imperative.

Mr. Bannin—I think that would be rather imperative.

Mr. Ryan—I accept Mr. Bannin's amendment, because it carries with it the spirit of the motion.

Mr. H. E. Smith, Columbus—Although we feel greatly honored, yet it is the consensus of our committee that our's was a hard year's work. Certain stakes have been driven, and if you can commence at the next stake so much more will be accomplished, but I believe the Columbus association feels, and particularly this committee feels, that it has expended considerable effort. In fact, I do not believe it is possible for the delegates present to appreciate the work which confronts this committee. The chairman called the committee together nights, and he would lay before us a bundle of mail equal to a mail-order house. It is a great compliment which you offer and perhaps the committee will not reject it, but we shall all be glad to see flowers cast in other fields.

Mr. M. E. Bannin, New York—My amendment was merely to suggest rather than to make it directly imperative on the new administration to appoint this same committee. I am quite in favor of the spirit of the resolution. I think this report is a splendid one and the members of the committee are entitled to all the credit that this association can give them. I would very much like to see them continue as a committee, but I think that it is wrong to say to the incoming administration that they should be appointed. Let us rather suggest that it would be well to appoint them.

President Gettys—Your motion is not in very concrete form. Let the secretary state the motion.

Secretary Meek—I understand that the motion is:

*"Resolved, That this convention suggest to the incoming administration the reappointment of the present committee on mercantile agency service."*

Mr. M. E. Bannin—That is correct.

Accepted by the seconder of the motion.

Mr. S. G. Rosson, Baltimore—I am heartily in favor of Mr. Ryan's motion. I think by all means we will accomplish most with the mercantile agencies if we do not nag them, and I do believe that every year we take up anew practically the same subject and become a nuisance to them, and I can see in their replies to some of our questions a spirit of antagonism, or, rather, disgust. Now, if we want to get the most out of the agencies let us do it in the best way. I think this committee has done excellent work. The resolution does not make it necessary that they serve or that the administration reappoint them, but if they will consent to serve I believe much more good can be accomplished than if an entirely new committee be appointed.

Resolution unanimously adopted.

Mr. O. G. Fessenden, New York—I move that we take a recess until 2 o'clock and to adjourn the hearing of the report on credit department methods until later.

Seconded and unanimously carried.

Recess until 2 o'clock in the afternoon.

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## SECOND DAY.

Wednesday, June 16, 1909.

### AFTERNOON SESSION.

The session of the convention was called to order by President Gettys at 2 o'clock.

Mr. T. James Fernley, Philadelphia. (Applause.)—I would call your attention, gentlemen, to the fact that the special train will leave the Reading terminal at 12th and Market Streets at 7.30 P. M. sharp; the ladies have gone out and we think that possibly you can locate your wives after reaching Willow Grove (laughter), if you want to. (Great laughter and applause.) The telegraph companies have advised me that very few of our delegates have taken advantage of their offer of free telegrams for social and personal messages, and they assure me that it is their desire that you should use their facilities, both the Western Union and the Postal. A wireless message has been sent asking for the use of that system for our delegates. We heard of a message somewhere on the east coast of Asia; we hope to-morrow to be able to make some definite report. (Laughter.)

President Gettys—It is my pleasure to turn over this afternoon's session to one of our good members who is chairman of the special committee on banking and currency. He needs no introduction to you. I present Mr. Harry New of Cleveland. (Applause.)

Mr. New—In arranging the program for the convention the Committee on Banking and Currency wish to thank the officers of the National Association for giving its work prominence and emphasizing its growing importance by featuring this special meeting and giving it over to our work.

The appointment of this committee and the work assigned to it was brought about, as you know, largely by the depression which will probably be known in future history, as the "Panic of 1907." The action of our organization in adding to its activities this work shows the constantly broadening field in which it is engaging. There is no need to discuss the causes which led to the disastrous occurrences of the fall of 1907, and its attendant interruption of business prosperity. The wound it inflicted is not yet entirely healed. We are prepared to lend a helping hand to assist in developing a public opinion to the end that measures may be planned and adopted looking to the avoidance of a repetition of this disaster by reason of causes now existing.

The entire subject which comes under the view of this committee is at the very foundation of all business life, at the very foundation of our government itself. Our currency and banking interests have been carried on many years along lines that have met conditions as they existed, but we have been slow to alter our methods in many cases to meet our present needs. Governments, like individuals, should learn from experience, and we have had some costly lessons lately, which should draw our attention to the needs of the hour. One of the first states to profit by these lessons was the state of New York, which has now laws governing its state banking system, which most states will do well to pattern after, with such modifications as local conditions may require.

The question of state regulation of banks and their proper supervision, in order to insure public confidence in them, and a proper regard of the duties of their officers and directors to the public, is one that should engage our attention.

No organization is better equipped than we to help along this line. In gathering statistics for our work many of our members in New York state, bankers and other business men seem to be more than pleased with the operation of the state system, but above all expressed a keen sense of appreciation of the manner in which the department has been handled by the Superintendent of Banks, Mr. Clark Williams. Through a most trying period he carried into execution the newly framed laws

governing this department to the satisfaction of the banking fraternity, the people and the government of his state.

This subject will engage our attention for some years to come, and it should be the aim of all associations of credit men to assist in placing on the statute books of their several states, acts which will insure proper examination, supervision and operation of state banks.

There is no man more able to tell us what is needed or required to bring this about than the gentleman who has kindly consented to address us this afternoon. I take great pleasure in presenting the Hon. Clark Williams, Superintendent of Banks of the State of New York, who will address us on the topic, "Regulating State Banks."

#### ADDRESS OF THE HON. CLARK WILLIAMS.

GENTLEMEN:

When your officers honored me by the invitation to be with you on this occasion they were advised that such remarks as I might have opportunity to make could not be dignified by the term "address." I welcome the opportunity, however, to talk to you on matters which to some extent may reach into the broad field of the business of credit men.

Your committee has assigned to me the subject "Regulating State Banking," and although I admit that I may be the most ignorant man in the room on the theories and principles of credit and on credits themselves in a commercial sense, I admit that I do know something of the regulation of state banking. It would be cause for shame if I had not absorbed some knowledge of the subject through the rare opportunities which have been afforded during the last year and a half in the state of New York. Briefly I may be able to suggest to your minds the experiences upon which my knowledge of the subject is based.

I reluctantly accepted the office of Superintendent of Banks of New York at the beginning of the panic in October, 1907. It was the day after the Knickerbocker Trust Company failed that I assumed the duties of my new office.

It is unnecessary in this presence to speak at length of the conditions precedent to those troublesome times, and I therefore will but briefly recall to your minds the long continued expansion of credit incident to world-wide prosperity and universal commercial progress. This condition of expansion had its culmination in the spring of 1907. The vast speculation incident to apparent prosperity came to an abrupt end. Curtailment of credits ensued, contemplated enterprises were abandoned, and business activity in general ceased. The revelation of an occasional betrayal of trust, together with unwarranted and indiscriminate denunciation of corporate power, created a general distrust which finally sapped the life-blood of our commercial activity in an attack upon our banks. The persistent and unprecedented demands upon them could not have been withstood by any institution singlehanded. Our inflexible and inadequate currency system contributed its share to the general distress. The unreasoning excitement of the people, the hoarding, the indiscriminate reflection upon fair names, the condemnation of those using corporate credit for personal gain, and, on the other hand, the quick answer of the master minds, the unselfish devotion of effort, time and means, the manifestation of a fine public spirit and the considerate co-operation of the press, these are familiar to you all.



Our financial panic came with its contribution of experience, and by the wisdom of our legislature the answer to that experience has been a body of just and proper laws reflecting logical steps of real progress rather than selfish interest or ill-judged experiment. We bore the shock of the suspension of thirteen institutions with aggregate liabilities of \$117,000,000. Through the rehabilitation of many of these institutions and through a proper conservation of the assets of all, there is not in prospect the loss of one dollar to depositors.

The return of public confidence in our banking institutions of general deposit is evidenced by the fact that the decrease from August to December, 1907, of about four hundred millions of dollars has been more than fully recovered through an increase of over six hundred millions since that time.

The banking department of the state of New York was established in 1851 and its functions were limited almost entirely to the registration of bank notes until 1880, when under the administration of the Hon. A. B. Hepburn the department assumed definite supervisory power. There was then on the statute books a provision that the Superintendent of Banks might examine any financial institution chartered by the state if he had reasonable grounds to believe conditions warranted such an examination. Mr. Hepburn wisely announced that under this authority he proposed to examine each institution in the state, and at his suggestion periodical examinations were required thereafter by statute. The banking laws of the state of New York have since been amended and amplified from time to time, greatly increasing the efficiency and adequacy of departmental supervision and control.

#### DEPARTMENT LIQUIDATION.

Of the twenty acts passed at the legislative session following the panic of 1907 to which I have already referred, many of which have since been introduced into the laws of the different states, one which may particularly engage your interest is that providing for the liquidation of failed financial institutions by the Superintendent of Banks. The scandals incident to the so-called "court receiverships" created a general demand for reform which could not be disregarded even by those whose political interests were served through the older system. Since the passage of the law ample opportunity has been afforded to justify its practicability and the wisdom of its provisions. As an illustration, I cite the first case of departmental liquidation under the new law. On the 22d of April, 1908, the day after the bill was signed by the governor, the superintendent took possession of the Home Bank of Brooklyn. The bank failed on February first, but apparently had been overlooked by the then attorney general, and court receivers had not been appointed. An examiner in the banking department was appointed a special deputy to liquidate the trust. After forty-two days the superintendent returned the bank to its stockholders and it resumed its business in an orderly manner in a condition and under management satisfactory to the department. The expenses of the restitution amounted to \$1,200. In the case of the other institutions which failed during 1907 and the early part of 1908 the receivers' and counsels' fees alone in no case amounted to less than \$20,500. Four cases of liquidation are at present in the hands of the department.

#### POLITICAL DOMINATION.

Gentlemen, I have referred indirectly to political influence. I believe in party organization, but I am as firmly of the opinion that the depart-

ment of state government charged with the supervision of the institutions in whose care are the moneys of the people should be absolutely free from top to bottom from political domination or control. The employees of such a department of the state government should receive their appointment and hold their positions solely by reason of their capacity and efficiency, and their promotions should be based upon these same qualifications.

#### RELATION OF DEPARTMENT TO INSTITUTIONS.

A proper relation should exist between the department and the institutions under its supervision. The banking department of any state should not be a criticising machine; it should be a responsive, helpful agency, co-operating with the institutions under its supervision for their absolute safety and efficiency of service to the public. To this end it has been the policy of the New York banking department to visit the institutions as frequently as opportunity has afforded. But although such visits may to a degree accomplish this primary purpose and afford familiarity with local conditions, the superintendent must rely upon the examining force for a knowledge of the exact status of the institutions under his supervision.

#### EFFICIENCY OF EXAMINING FORCE.

It is therefore essential that the efficiency of this examining force be maintained to the highest degree. To that end a classification of the examiners was made a year ago, not only by grade in accordance with experience, but by compensation in accordance with efficiency, and on this basis frequent promotions have been made during the past year. By such recognition of the character of work and by the exercise of a proper human interest, I believe that an *esprit de corps* has been established in the examining force of the banking department of the state of New York which is not equaled in the national system or in any state system of the Union.

#### CREDIT DEPARTMENT.

A feature of great value to the department and to the banks and trust companies under its supervision has been the establishment of a system of credits. On the occasion of each semi-annual examination by this department, it is the duty of the examiner to take off from the books of the bank or trust company a list of all loans in excess of certain amounts. These reports of all borrowings of corporations, firms and individuals are sent to the New York office of the department. There, proper entry is made on cards of the names of the borrowers by which the cards are indexed, and of the names of the institutions making the loans, and of the amounts of the indebtedness, and whether secured or unsecured. Excessive borrowing is thus revealed, and an opportunity afforded to the superintendent to be helpful to the lending institutions in preventing loss. Moreover, when a failure occurs the department is enabled at once to know what institutions are effected and to what extent. The limitations of this system in that it covers only the banking institutions of the state of New York, are apparent, but the evident purpose of the comptroller of the currency to co-operate by an exchange of credit information warrants the conclusion that the principle may be generally applied, to the great advantage not only of the supervisory departments, but of the banking institutions as a whole.

### HIGH INTEREST RATES.

I desire to speak to you briefly of a matter which in my opinion is fundamental to the credit of banking institutions throughout the country.

A knowledge of general banking conditions compels the conclusion that the greatest present offense to economic principles and sound banking lies in the tendency to pay high interest rates on deposits. This evil results from improper competition and an unreasoning desire for large figures, or, quantity rather than quality. Deposits are still a liability, and should not be recklessly solicited or induced by the offering of high interest rates at the sacrifice of safety. There is no economic analogy which justifies a bank of discount in paying a four per cent. rate because a savings bank may pay at that rate. This offense is not confined to the institutions of any particular character, but is indulged in by banks of discount, national and state, to almost an equal and perhaps more unjustifiable extent than by the trust companies and savings banks, through the medium of what is generally termed their "Interest Departments." Add to the three and one-half or four per cent. rate paid on such deposits the expense account and a proper allowance for reserve, and the cost of your money is such as to preclude the practicability of safe conservative investment. It is encouraging to note at the present time that there is a general movement throughout the state of New York for a reduction of the rate paid to depositors. This conservative course is being followed not only out of respect to the principles of sound banking and in the interest of the corporations themselves, but in the interest of those who have entrusted their funds to these depositories for safe-keeping. It is hoped that there may be a similar awakening on the part of bankers generally throughout the country for the public good.

### RESERVES.

The reserve of money carried by our banking institutions is of the utmost importance to commercial and financial interests, underlying as it does, our system of credit and affording a safeguard to general depositors. It should not be inadequate to serve its purpose nor so great as to curtail business activity. It is of equal importance that it should be based upon a thorough understanding of the character of the business it is required to protect. Having in mind the points of exposure to which our state banks of discount and our trust companies are subject, and in consideration of the character of their business, the legislature enacted certain laws regulating the reserve of the state institutions. Four years ago the trust companies of New York state were required to carry no reserve. As the result of this legislation, however, the trust companies in the city of New York are carrying fifteen per cent. cash in vault, and a general increase was required throughout the state for both banks and trust companies. As a result of these new reserve requirements the strength of the general banking institutions has been augmented by the addition of \$103,000,000 to the store of cash in their own vaults and \$13,000,000 to that held on deposit with other banks. The reserves of our state banks and trust companies are now sufficient to meet any demands that might be made upon them for which a proper reserve would be adequate protection.

### DUTIES OF DIRECTORS.

During the past few years and emanating perhaps particularly from the insurance investigations, there has come an awakening of public

sentiment which has demanded in no uncertain terms a keener appreciation of responsibility by those having in their care the affairs of our financial institutions. I quote from a decision of the United States Supreme Court, Mr. Chief Justice Fuller delivering the opinion as follows:

"We hold that directors must exercise ordinary care and prudence in the administration of the affairs of the bank, and that this includes something more than officiating as figure-heads. They are entitled under the law to commit the banking business, as defined, to their duly authorized officers, but this does not absolve them from the duty of reasonable supervision, nor ought they to be permitted to be shielded from liability because of want of knowledge of wrongdoing, if that ignorance is the result of gross inattention."

From general observation I am of the opinion that the officers of banking institutions are to some extent responsible for the lax or perfunctory performance of the duties imposed by such trusteeships. In too many cases these officers are satisfied with "star-chamber" proceedings or "kitchen cabinet" management. I believe it to be the duty of the officers of every banking institution to adopt such means as are best calculated to keep their directors closely in touch with its affairs not only by formal report, but by requiring their frequent personal examination of the cash, securities and loans. Let them relieve themselves if they will, of the manual labor by employing independent expert accountants. By such a policy, not only will the direct advantage of proper supervision be gained, but the interest of those directors will be maintained and they will have the satisfaction which comes from a sense of duty well performed. No man who is in charge of a bank and intends to conduct its business honestly and legally can resent any amount of supervision or examination by his board. I believe in the frequent examination of banking institutions by committees of directors, chosen by lot if you please, but rotating in office, whose duty it should be to make a physical examination of the cash, securities and loans and the collateral securing the same, reporting the result of their examination to the board.

#### CHARACTER OF MANAGEMENT.

A feature of the legislation above referred to requires the submission of the details of business to each director of a corporation doing a banking business under state law, and proper penalties are prescribed for a lack of observance of this requirement.

There are seven hundred and nineteen institutions under the supervision of the banking department of the state of New York. The total resources represented by these institutions amounts to \$3,781,000,000 or more than 21 per cent. of the total banking power of the country. As the result of the supervision of these institutions I am compelled to the general conclusion that the factor of most importance in their condition is the character of management. If it were not for the fact that the law requires periodical examinations of the institutions under our supervision, our knowledge of the character of the management of certain of them would justify our relying solely upon their occasional report. On the other hand, the management of other institutions is such as to require constant application of the supervisory power lest wrongdoing and general disregard of law result in disaster.

Strict observance of the letter and the spirit of the statutes, coupled with reasonable business judgment under intelligent and helpful supervision will go far to prevent failure, but without the element of personal



integrity and trustworthiness such restrictions and protections are of no avail. I believe, gentlemen, that as credit men you will agree with me that the American banker generally, embodies these virtues to the highest degree. (Great applause.)

Mr. New—I am sure we all appreciate the words of Mr. Williams, and as this question will interest us more and more with the coming years I feel certain the delegates will take home with them the facts contained in this report.

There is no institution in our business life that engages more universal interest and must be employed more than a bank in carrying on commerce in all its branches. The soundness and thrift of a community can generally be gauged by its banks. We all have a general idea of its functions, of course, but how banks carry on their business especially in this day of large and increasing enterprises is not so familiar to most of us. The expression is often heard, in referring to a well regulated institution, "It is run like a bank," which is appreciative of the perfection and system banking has achieved in the detail of carrying on its business.

We are glad to greet to-day one of our fellow-members, one of the nestors of this organization, who in its early stages helped nourish and encourage it with his wisdom and ideals, suggesting many of its policies and urging adherence to those principles which helped to guide us in right channels, and formed the ground work of what the National Association of Credit Men is doing to-day.

The next speaker who will talk to us on the "Mechanism of a Bank" needs no introduction in any assembly of credit men. His work in the field of business and banking where he has always stood for right, just and honest methods, is known the country over.

This organization also has the distinction of having had him serve as its president for two terms, the second and third year of its organization. The honor is mine to present to you that eminent banker and author, our friend James G. Cannon, of New York. (Great and long continued applause.)

Mr. M. E. Bannin, New York—I ask the privilege of the floor for a minute.

Mr. New—You have it.

Mr. Bannin—We have with us in the person of the next speaker one of our first presidents, a man who has been consistent, persistent and efficient in promoting the interests of this association, a man who has done much toward bringing this association to what it is, and I ask that a rising vote of welcome be given him. (So done amidst great applause.)

#### ADDRESS OF JAMES G. CANNON.

FELLOW MEMBERS AND GENTLEMEN:

I thank you with all my heart for your warm greeting. I am glad to be here. In fact I know of no convention among the many that I am privileged to attend, up and down this land, in which I feel so much at home as I do right here among the credit men of America, greeting my old friends, and seeing so many new faces.

It has been a cause of regret to me that I have not been with you of late years in these conventions, but the meetings have been held at a time of the year when I have been detained in my own business; but

I want to say to you that the work of this association is much on my thought, and in conference with your secretary in New York from time to time, I am doing all I can to help in this splendid work.

I am going to talk to you to-day very informally on the "Mechanism of Banking," illustrating my remarks by the use of stereopticon slides. I am frank to say that one feels a little abashed in presenting a talk so elementary as I have in mind after you have been privileged to listen to so illustrious a speaker as the Superintendent of Banks of New York, and I want to say here now and say it with a feeling of the most genuine earnestness that there is not to my mind anyone in New York who has done so much for the banking interests of New York, city and state, as Mr. Clark Williams, the present New York Superintendent of Banks, who has honored us this afternoon by his presence. (Great applause.)

As I have said, my talk is to be of a very elementary nature. When a few months ago, I presented this lecture to another audience I told them if there were any bankers in the assembly, now was the time when the lights were turned down, for them to take a nap, because they were undoubtedly familiar with everything I was going to say. So also I want the bankers who may be here this afternoon to know ahead of time that my talk was not prepared with their instruction in mind, and they are privileged to doze while I talk to the rest of the audience.

My plan is to give you this afternoon a brief sketch or review of the transactions a customer has with his bank from the opening of an account as a depositor and through the various relationships with the banks which his business brings about. I am going to show you what his account looks like, how we determine its value to the bank, how we exchange the checks which make up his deposits, etc.

And first of all the banking-room; I have thrown on the screen an interior view of an old-fashioned bank, my main object being to call your attention by way of comparison to the advance in banking architecture which has taken place during the last decade. To-day all over the land are being erected banking buildings representing the finest types of business structures and many of Philadelphia's banking institutions are housed in buildings which are nothing less than monumental.

But the depositor is that which interests us. The first thing a man does in going to a bank is to present a letter of introduction and this letter has vital interest to the bank's credit department and to credit men in general; now we receive many strange introductory letters in the course of our business and I want to throw on the screen as a sample a plain, straightforward letter such as helps the man who presents it. Wilson is the name of the man introduced and it is his account that we are going to examine a little to know the kind of business he does with the bank.

While on this matter of introductory letters, let me advise that in writing them you should not neglect to write the bank direct such full information about the prospective customer as cannot properly go into the introductory letter itself. Frequently because this step is omitted and the bank is without any real knowledge of the man, we have to write for further information. You can readily see how much more satisfactory it would be if you had written the bank that you had taken the liberty of introducing Mr. Wilson and wished to present important facts regarding him which the limits of a formal introductory letter precluded.

Upon opening his account Mr. Wilson leaves his signature for the bank's files and here is given on the screen the forms used to present

necessary information such as references, name of introducing party, who accepted the account, what the customer came to the bank for and what we may probably expect of his account. All this information is turned over to the credit department. It is not necessary to explain to this audience that you can get a good line on a man by following up his deposits, and that it is especially valuable to examine his first deposit, for, as you can readily see, from it you get an idea of the customer's intention just as the credit man for the manufacturer or jobber can from a customer's first purchase.

The pass-book seems like a simple proposition, but I have thrown it on the screen because a strenuous discussion is now centering around it in our larger cities. Some of our institutions in New York want to do away with the pass-book system because the question of balancing these books is a difficult one. Depositors cannot be made to send in their books for balancing; they keep them out; vouchers accumulate and become an encumbrance to the bank. We are now trying a new plan, that of balancing the account of every depositor every month and returning the vouchers monthly. Strangely enough the depositor does not seem to like this and it is a question whether banks can educate their customers up to the new plan, excellent as the reasons seem to be for its universal adoption.

While on the subject of the pass-book let me urge upon you most emphatically that when the pass-book is returned balanced with cancelled vouchers, you go over the vouchers carefully and see that they accord with your records. We have considerable trouble with claims upon the banks arising in connection with vouchers which were retained and have been in the customer's hands for six months to a year. At that late date, perhaps, it is found that the vouchers contained one that was forged and the customer enters claim against the bank for his money. Such cases have been carried to the highest courts, and while one case has, I believe, been decided in favor of the bank, yet most cases have been decided in favor of the depositor on the ground that the bank paid a forged check.

To put the burden harder upon their customers many banks have adopted this notice in returning vouchers—"Customers will please examine vouchers returned and make reclamation for errors, if any, with due diligence." Thus the onus of making prompt examination is on the depositor so that the bank will not have forged checks out for several years.

Here I present a slip that is not so familiar to you, the slip showing the checks that Wilson and others have deposited that goes through for the clearing house. This clearing house slip is made up the first thing each morning. All the deposits made during the day are assorted into racks, put into envelopes, listed and later distributed at the clearing house.

You will notice that the clearing house account is made out on a machine. These adding machines have become quite a factor in the banking business as they have in department stores and other large institutions. Some time ago I spent an evening with five hundred representatives of the Institute of Bank Clerks and talked with them on the question of machinery in banking. I told them I wanted a free and open discussion as to the effect of machinery on the efficiency of the clerical force in a bank, whether in their opinion it was pulling them down or strengthening them. Without an exception

those men admitted that they were afraid that the use of adding machines, etc., had a hurtful effect upon their work.

But to return to our friend Wilson, whose checks we have seen arranged for sending to the clearing house, here is a page showing how we keep track of his average balance. We have to know his average balance, for at any time he may approach us for a loan, and we want to be able to have placed before us at once so important a fact regarding his account, for the average balance is the gauge of a customer's borrowing capacity in all well regulated banks. So month by month we can get the average balance, and this is transferred to cards for the benefit of officers of the bank that they may know all the fluctuations of the account.

Mr. Wilson now applies to the bank for a discount. Here is his application handed into the credit department and attached to his note is a slip made out for the officers. On this slip, as you will note, we have a statement that Wilson has nothing under discount at present. Also we find figured out the gross profit on his account for six months, his average balance and present balance. Also on the slip we have the credit department figure out exactly what has happened since the last statement was before us; we have a statement of the inquiries made concerning him also, and with all this before us a bank officer can tell a good deal about the value of Mr. Wilson's account.

But instead of wishing to borrow on his single name paper, we shall presume that Mr. Wilson wants to borrow on collateral and here is a collateral note which is used by nearly all banks and trust companies. It has been gone over and over again by the attorneys of all the banking institutions of New York and seems to be as satisfactory a stock collateral note form as can be found. It is the note used in connection with all call loans made in New York, and of course New York is the great call loan center of the country. New York is the great reservoir into which, when money is said to be "easy," it pours from the multitude of banks throughout the country. Banks in inferior towns have no means of using their money on "quick calls," so they send it to New York and pile up their excess money. The New York Stock Exchange is the market place for quick call money, that is money which is put out on collateral notes which permit us to give notice at 12 o'clock or any time before and the money must be paid the same afternoon by certified check. We bankers of New York, of course, are forced to keep active the money poured in upon us by the country banks, because we pay 2 per cent. interest thereon. Wall street brokers take it using it in speculations upon the exchange. On the other hand when the country banks begin to find use for their money we must call on our brokers for payment and this necessitates the sale of stocks which reduces the prices of all collateral and money becomes as they say "tight."

Where a bank is loaning large sums constantly on stock exchange collateral it must keep a readily accessible record of this collateral because we are obliged to call margins if the stocks go down. This is done by means of a card system showing every loan made with the price of collateral plus a 20 per cent. margin. You can see how watchful must loan clerks be in a falling market.

I want to say a word to you regarding the property statement form which this association has done so much to establish. There is hardly a bank to-day which does not use this form or something



akin to it. In this connection Massachusetts is especially interesting for, as you perhaps do not know, savings banks in Massachusetts are permitted to buy commercial paper—mill paper as they call it—with two endorsers.

The law prescribing the kind of statement which those offering this kind of paper must make had not been satisfactory and recently a new law was passed containing a new property statement form which is most excellent. A savings bank in Massachusetts must be furnished such a statement before it can purchase paper and the statement must be certified to by a public accountant approved by the banking department of the state of Massachusetts.

Let me say that I hope the time is at hand when savings banks in New York state will be permitted to invest in first class commercial paper under proper safeguards, for savings banks do not have enough quick assets with which to meet panic conditions and are obliged in times of financial distress to take advantage of the so-called 60 day deposit clause. The trouble is their investments are too fixed but if they could buy commercial paper from firms which make properly certified statements, and if our certified public accountant law were rid of some of its present objectionable features, the savings banks could invest in this more liquid form of assets to the good of the whole community.

There is as you know an immense amount of single name paper being sold on the open market, and to the banks by depositors and I feel that there is no better security in the world than this form of obligation. I believe in it but I want the man who is behind it to tell me what he has. Recently as a matter of curiosity I looked up three concerns, note brokers in New York and found that they had last year placed the large sum of \$400,000,000 of single name paper with our banks throughout the country. It represents a method of carrying on large business which has come to stay and I am glad of it, because it means the firm establishment of the property statement blank and its more certain recognition under the law.

As I said before banks now have a system of figuring the gross profit on every account. Here is Mr. Wilson's account presenting deposits of fifteen out-of-town checks, costing \$2.30 to collect and we charged him \$3.86 to collect them, and crediting interest made, we find the gross profit on his account in one month to be \$4.64. Against the gross profit, of course, is to be charged the expenses of the bank which in these days of up-to-date banking so-called are mounting higher and higher.

On the other hand the customers' borrowings must be followed throughout the year. You know there are some depositors who feel that they ought to owe the bank year in and year out, but let me tell you that nothing puts you in such good standing at your bank as to pay off all your indebtedness once in a while, and for that reason I believe in first class concerns selling their paper on the open market.

Bills receivable at one time were an important feature of nearly all merchants' statements but I am happy to feel that this kind of note is passing out of existence. We are suspicious of them and rightly so. You take a man's note as a last resort; it's all you can get out of him. Only one or two classes of business still cling to the bills receivable, one being the jewelry line and I hope there will soon come a concerted movement in that trade against them.

The clearing house is, of course, the great central organ of the banking business which has proved both its usefulness in the daily

exchange of debts and credits among the banks and its necessity in times of financial storm, the credit of all the consolidated banks being through it brought together to stem the wild and mighty flood which threatens to lay low our great commercial superstructure. You know it acts as a depository for the gold of the banks and issues certificates in denominations of \$5,000 and \$10,000, which are used strictly in the payment of balances among clearing house banks, a method which obviates the need of actual exchange of gold with all its attendant losses and risks.

On account of its great importance to the entire business interests of the land, I think it is fitting to close this talk with a picture of the New York Clearing House which may be thought of as a symbol of the solidity and confidence which characterizes our great banking system. (Great applause.)

Mr. New—Mr. Cannon has kindly consented to submit to a quiz on subjects touched upon in his address. He can give but a few minutes to this, so please make your questions concise and to the point.

Q. I want to ask whether the money loaned to Wall street brokers on collateral security, is loaned indiscriminately?

A. It is loaned indiscriminately. It is sent on the floor of the Stock Exchange and loaned to members of the Stock Exchange.

Q. You spoke of the importance of a letter of introduction. What do you do with the man who has a few hundred dollars accumulated and cannot find anyone to introduce him to a bank?

A. I would take his signature and ask the name of some one who knows about him, and would send for the party, but we would not do business with a stranger any more than you would sell a bill of goods to a stranger.

Q. You stated that the banks in New York are endeavoring to do away with the pass book, and that the only objection seemed to be on the part of the depositor. Is it not a fact that the depositor likes the system when he has used it awhile, and finds out how to use it.

A. I think so—yes—but we are having great difficulty in that matter. Our customers even refuse to take their vouchers away. If we can persuade them once to do it, we find they like the plan.

Q. You said in the question of returning vouchers that sometimes a depositor keeps them several months and then claims an irregularity or a forgery, and that you are now using a form of notice to the depositor; do you think that notice releases the banks from responsibility?

A. We take the stand that it does. I think it would myself.

Q. In connection with bank collateral, banks throughout the country are lending money on New York Stock Exchange collateral, these certificates of stock bearing the endorsement of various people. Sometimes they are New York Stock Exchange brokers, and we have no means of knowing whether that man's account may be attached before the note is paid. Is there anything in the provisions of the New York Stock Exchange or New York laws which makes it unnecessary to have that stock certificate transferred?

A. No. If the stock is endorsed properly, and if the signature on the back of the certificate is properly made and witnessed, the Stock Exchange house is secured.

Q. No creditor can attach that stock on the books?

A. No, sir.

Q. Will you have the kindness to tell us what quick assets consist of in a statement of a mercantile house?

A. Quick assets consist of cash, accounts receivable, and merchandise and assets of a marketable nature which can be quickly turned into cash.

Q. I would like to ask, if you care to tell us, what, in the experience of the New York banks is the average cost of collecting country checks?

A. Why, I could not tell you that right offhand, it varies so throughout the various sections of the country that I do not think I can tell you offhand. I think it is more than a tenth—I think it is pretty nearly a tenth and four days' interest.

Q. If we give up the deposit book, what form of receipt have we to show that we have paid the money in?

A. You get a receipt from the bank for your money, but not in the deposit book.

Q. With reference to the work of the banking and currency committee here, there are just one or two questions I would like to ask. In your address you pointed to an out-of-town check and stated that it was deposited as cash, and that on those checks deposited in the various banks as cash, a very large volume of credit is based, did you not?

A. Yes.

Q. Can you give us any idea as to the amount of credit probably based on checks in transit at the time of the panic in 1907?

A. No, that is too much for me.

Q. It is enormous, however?

A. It is an enormous volume.

Q. What can we do as a Credit Men's Association toward the ultimate assurance of the circulation of those checks on which so much credit is based?

A. One of the causes proceeding from the panic was the stoppage of all inland exchange and the issuance of clearing house certificates. Everybody became startled and afraid that they could not get cash, and then they all stopped taking checks on anybody else, and the entire business of the country came to an absolute standstill and all inland exchange was blockaded. The remedy is a thing which will require an immense amount of study and cannot be named offhand.

Q. Is it not a dangerous situation?

A. It is and it is not. What I would like to see and what I believe could and ought to have been done at that time was to institute an interchange of clearing house certificates. It would have done away with a very large part of the blocking of inland exchange.

Q. Do you think it would be within the province of this association for our various banking and currency committees to devote some attention to this subject?

A. By all means I should think it would be a very profitable study.

Q. Is it not possible that we could have the same panic in July, 1909, that we had in 1907, when checks and currency failed to circulate, as was the case in 1907?

A. If the same causes were here then you might have the same result, but you would not have it, because the causes do not exist.

Q. Is it not a fact that the banks of the country are doing a great deal of loaning through brokers, that is, buying commercial paper through brokers?

A. Very largely.

Q. The large manufacturers and jobbers prefer to make their report to a broker of standing, and a broker places the paper with the banks?

A. Yes.

Q. Is it not a fact that that is done largely to equalize the money? For instance, Chicago has a shortage of money, Philadelphia has a surplus of money; then Philadelphia money goes to Chicago and Chicago paper goes to Philadelphia, and vice-versa?

A. As a general business proposition money will always flow where it is most needed, and if Chicago, Philadelphia or New York needs money, and money is easy elsewhere, the merchant will sell his paper where he can get the money cheapest.

Q. Is it not a fact that the bank prefers to place its money through a broker? Here is a jobber who wants a million dollars. He places his paper with a broker who can place it with the bank. When that paper is due, the jobber does not know who has that paper. Consequently the bank is not called upon to renew that paper?

A. That is undoubtedly true.

Q. Owing to the fact that paper is sold in the open market, is there any method by means of which the banks can ascertain as to any particular paper that is offered, what amount of it is in the market?

A. The broker will tell you the amount he has, and you will get a statement from the man, and you ask in your statement how many brokers he employs, and if he employs more than one, you will go to the second broker and inquire.

Q. But the brokers among themselves have no method of ascertaining what paper is out, so that you are really in the dark as to what paper is really floating in the market?

A. No, you are not, if you handle yourself properly. The banks generally may be, but if you ask the broker, he will tell you the volume of paper out, and if the borrower has another broker, you will inquire from him.

Q. Is it not frequently true that paper is offered directly to the bank as a matter of merchandise and does not go through the broker?

A. I would not buy paper direct, but it is done in many instances. When the large clearing houses are established with reference to commercial paper, such as Mr. Williams is establishing in his office, and such as the Comptroller of the Currency is establishing in his office, we will then be able to tell the amount of paper outstanding.

Q. We received a check this month from an out-of-town customer. We deposited the check in our bank, and the bank sent the check direct to the bank on which it was drawn. That bank sent back a draft on another city. The draft was sent to the city for collection and protested for non-payment. Query: Who is liable? (Laughter.)

A. While not offering a legal opinion, I should say that it was a question of due diligence on the part of your bank in sending it out. The laws of various states differ.

Q. We do not get back the check—it is already paid.

A. It is a very delicate case, and is a question of due diligence on the part of your own bank.

Motion was made, seconded and unanimously carried that a vote of thanks be extended to Mr. Cannon.

A rising vote was then taken amid great applause.

Mr. A. C. Foster, Denver—I move that a rising vote of thanks be extended to Mr. Williams for his eloquent and instructive address.



Motion seconded and unanimously carried.

(President Gettys here took the chair.)

President Gettys—We will now take up the report of the Credit Department Methods Committee, F. W. Risque, St. Louis, chairman, (Great applause.)

### **Report of the Committee on Credit Department Methods.**

*To the Officers and Members of the National Association of Credit Men.*

GENTLEMEN:

System is method shorn of red tape, the most economical use of time and effort in securing results.

Have we all solved the question, each to his own satisfaction? Is there not one curve in our daily routine which might be straightened, a break in the road that should be bridged?

Are your methods and practices now what were first taught you or has experience enabled you so to improve and develop them that they meet every requirement in changing conditions and enlarging fields? Do you appreciate what a debt you owe those who favored you with their own experience and are you now as willing to help your younger brother who is so eager to develop?

Such were the questions your Committee faced in working out its plan for the past year, a plan which when announced brought hearty response from different sections. And the Committee plan brought out not only fruitful discussion by a number of our branches, but able and masterful papers, copies of which were forwarded to this Committee.

Reports from so many quarters of the enthusiastic interest in credit department subjects confirm our opinion that though the questions the Committee propounded to the local associations have been considered dead by those who long since had satisfactorily solved them, still the newer additions to our ranks were no less eager in the pursuit of knowledge and experience than those of us who thought we solved the problems in the earlier days of the association.

Many excellent ideas, short methods and means of minimizing unnecessary labor and worry were described and enlarged upon in reports made by local committees to the National Association's committee, and though they may have been in use for a long time by hundreds among you, they were probably still unknown to thousands of our other members and proved to be just what they sought. Many of these papers were forwarded to the National office and have appeared in the BULLETIN; some were fully illustrated and when published should have every accompanying form reproduced in full size properly to exemplify their application.

Several local committees canvassed their associations systematically for replies to the questions formulated by your Committee, and while we do not wish to make any distinction we cannot refrain from especially complimenting the chairman of the Credit Department Methods Committee of the Chicago association on the thorough, systematic and detailed report of replies received by his committee. The report gives evidence not only of his devotion to the good of our association but exhibits a great amount of persistent and self-sacrificing labor in behalf of improvements in credit department methods. In addition to the replies the Chicago committee collected many valuable forms. The chair-

man of the committee of the New Orleans association also polled his fellow members and sent in a most helpful report.

Your Committee does not undervalue the importance of the other branches of work so ably carried on by this association, but as it is generally realized that machinery is the *sine qua non* of the factory and tools the prime requisite of the mechanic, so the interest exhibited and the inquiries for light and assistance which have come to the Committee impressed us more and more with the fact that our members should have in proper form for convenient study and reference the conclusions as to the methods of our department, reached by the brainest and most experienced men of our calling.

It may savor of selfishness to ask busy friends to devote precious evenings working for your interest, but we feel certain that there can be found among our members a few willing spirits who would undertake to gather the best thoughts, suggestions, short methods and department forms for the benefit of our entire membership. The papers received during the past year by your Committee are rich in information and they can be largely increased by the next committee and referred to a special committee to be arranged for publication. If the names of those furnishing the blanks are omitted we do not apprehend that the objections will be made by any house to publishing their forms and describing their use. Several methods of accomplishing the same results, different arrangements of forms for the same purpose, a variety of folders, simple and elaborate, ledger headings, etc., may be arranged and properly explained to suit the smallest as well as the largest business. The importance of just this thing was forcibly brought out in the divergent views of our correspondents.

All this suggests the importance of every local association having a standing committee on credit department methods. Many of you will be surprised to know that some of our branches have never appointed such a committee. We hope that we have at least made it clear that this has been a serious omission and that that association fails in its simplest duty which does not keep its members in touch with the thought of the association along the line of credit department methods through a committee appointed for that purpose.

We urge again, as we have steadily through the year, that every association shall each year devote an evening to the study of the best credit department methods. Nothing will so enliven interest among the members. In order to indicate the wide range of topics which these meetings may take up for discussion, we present the following, being a portion of the Committee's letter to officers of local associations sent out soon after its appointment:

First: How do you obtain credit information (excepting through Dun and Bradstreet agencies)?

Do you use National Association inquiry blanks? Are they satisfactory?

If you obtain information through salesmen, give form and your experience.

Second: Property Statements.—Do you use the National Association blank, or have you one of your own forms?

Are you successful in securing replies properly prepared?

What form of letter do you use when asking for reply?

Do you always inquire about insurance?

- Third: How do you classify information?  
Do you note on each report your deduction as to worth and line of credit?  
Do you enter results on your ledger for quick reference, and how?  
How are your reports filed for ready reference?
- Fourth: Relation of Credit Department to Sales Department—(a) What methods are used to inform sales department of changes in circumstances of customer? (b) What methods are used to insure prompt and intelligent action on an inquiry or request for quotation from prospective customer who has no book rating?
- Fifth: Collections.—How handled—(a) Give form letters most successful; (b) method of watching and how attended to; (c) through agency, adjustment bureau, or direct. Would you advise a small ticket of uniform type and wording for use by the membership generally, when debtor deserves threat of collection by attorney?
- Sixth: Any short cuts or useful hints which may be interesting, including impressions of rubber stamps or leaflets, notices, etc., used in your daily routine.

All this united work of association committees would lead to amassing an amount and variety of material which would be invaluable and we are here led to suggest that its availability to the members would be enhanced if succeeding committees would arrange an exhibit at these conventions which shall present a model credit department, using what appears to be the best suggestions gathered from the numerous sources of the association. That the plan is feasible, there can be no doubt, and your Committee ventures the opinion that such an exhibit would become a feature of these conventions which would lend them a greatly increased practical interest.

In accordance with these suggestions we offer the following for your consideration:

*"Resolved, That the National Association of Credit Men in convention assembled urges that each of the affiliated branches which does not have among its standing committees, a committee on credit department methods, appoint one at the earliest opportunity."*

*"Resolved, That all affiliated branches of the association be asked to assign at least one meeting year to a discussion of some phases of credit department methods."*

*"Resolved, That arrangements be made if possible by the incoming Committee on Credit Department Methods to feature at the next annual convention the most approved methods in vogue in credit department work, by means of an exhibit of a model credit department."*

#### COLLECTION AGENCIES AND ATTORNEY LISTS.

Several of the present day standard lists contain only names of attorneys who have been highly recommended by local banks or merchants. One has opposite each attorney's name a key as to his ability, character, promptness in paying bills, estimated worth, age and date admitted to the bar. Other lists issue a fidelity bond guaranteeing the payment of any moneys which the attorneys listed may collect for the subscriber, limiting the amount guaranteed to \$5,000 for any single loss

or a total of \$10,000 for all losses through an attorney's bad faith during the term of the bond. These lists are not what we now criticise, but the agency whose only capital is the smooth tongue of its solicitor should have no place in our community. Glittering possibilities of collecting accounts long since abandoned as hopeless have been so adroitly presented by plausible strangers that some of our experienced and careful credit men have not only made contracts for collecting these old accounts, but have actually agreed to turn over future business to most unreliable agencies. Warnings have appeared in the BULLETIN for months but evidently are not heeded as the scheming plans of these solicitors are so well mapped out and ably presented that the mature judgment and ripe experience of the victim stand for little in the contest.

Much has been said and written on this subject. Complaints are continually coming to the association of sharp practices and questionable methods on the part of collection agencies. Your Committee has given the subject long and serious thought and has come to the conclusion that if state supervision could be had, in a measure, as with insurance companies, the question might be solved.

To this end, your Committee offers the following resolution:

*"Resolved, That advertised collectors or collection agencies be construed in law as public fiduciaries and placed under state regulation by license or by deposit of a stated guarantee fund, subject to such provisions as may be properly prescribed, and that this matter be referred to the Legislative Committee for action."*

Since penning the above we understand that the following bill to regulate collecting agencies has been proposed in the Massachusetts House of Representatives:

"Section 1. All persons in this commonwealth engaged in the business of maintaining a collecting agency or collection bureau or an office for the purpose of collecting bills or accounts for others shall deposit with the Commissioner of Corporations, if the said business be incorporated, or with the City Treasurer in the city in which such business is carried on, if it be not incorporated, the sum of \$5,000, which shall be liable to trustee process in an action against said business.

"Section 2. Such persons, if the business be not incorporated, shall file with the City Clerk of the city in which they are doing business, the names of the owners of said business and the location of said business, and the name or names under which said business is conducted.

"Section 3. Whoever violates the provisions of this act shall be punished by a fine of \$500 or a sentence of not more than one year in the House of Correction, or both."

Our members are again urged to comply with the requests which appear in the BULLETIN to advise the secretary of any irregularities in the methods of collection agencies which come to their knowledge.

#### GUARANTEE OF ACCOUNT.

We have received requests for a standard form of guarantee and suggestions that a guarantee suitable for general use be added to the blanks published by the association.

Accordingly, the following form is submitted:

"For and in consideration of the sum of One Dollar, to the subscriber in hand paid by the (name of seller and statement if desired as to whether a firm, individual or corporation



and location of principal place of business) and of other good and valuable consideration, receipt of which is hereby acknowledged and for the further consideration that said (name of seller) deliver unto goods, wares and merchandise (or other materials to be named as desired) on credit on or after the date hereof, (name of guarantor) do hereby guarantee payment unto the said (name of seller) for all goods, wares and merchandise (or other materials) so delivered from time to time and for any balance or balances of account for such goods, wares and merchandise (or other materials) so delivered, and for interest on such accounts or sales at the rate of ( ) per cent. per annum after maturity, notwithstanding any extension of the time of payment granted or settlement with the said (name of debtor) by note or notes, renewals thereof, or otherwise.

"This guarantee shall extend to all goods, wares and merchandise (or other materials) delivered on or after this date by the said (name of seller) to the said (name of debtor) and shall continue until notice of its discontinuance as to further liability therein is given by the subscriber in writing, to the said (name of seller) but the liability of the subscriber upon his guarantee shall not exceed the sum of ( ) and (name of guarantor) do also waive notice of purchases, delivery and maturity of bills.

"It is expressly agreed that in consideration of the said (name of seller) extending the time of payment for goods purchased by the said (name of debtor) before the date of this guarantee, that the said (name of guarantor) hereby guarantees the payment for goods, wares and merchandise so purchased before the date of this guarantee, upon the same conditions as above set forth.

.....  
.....  
"Date .....

"Place .....

"Witness ....."

In this connection we offer the following:

"Resolved, That the National office be instructed to issue a 'guarantee of account' form drafted along the lines of the form which is made a part of this report and offer the same for sale to members at printer's prices."

#### FINANCIAL STATEMENTS.

There is still complaint of failure to secure from customers satisfactory replies to requests for statements.

It has been suggested that adjustment bureaus which now do no general reporting act as intermediaries in such cases along the following lines:

Bureaus to use the forms as furnished by the National office with the bureau's name printed thereon as the inquirer. Bureaus are to prepare a form letter or request, with space for date and name of the party to whom the letter is sent. The financial blanks, form

letters, return envelopes addressed to the bureau and blank envelopes for mailing, are to be furnished to members each with his own particular number stamped on the corner of the statement blank.

A member can mail the request for a statement direct and when the reply is received by the bureau, a copy is to be made, which is to be filed and the original mailed to the member whose number is on the blank. A charge may be made for blanks, envelopes and services in keeping account of replies.

One local association is gathering the names of merchants in its territory who do not keep proper books of account, considering this to be the first step in remedying the difficulty of securing accurate, instead of estimated figures and facts. The question of framing a system of simple books to cover such cases was weighed, but when we considered the disparity between the very small business and that of greater proportions, no satisfactory solution appeared.

The "Continuing Clause" embodied in the form of financial statements, as issued by the National office, has recently been questioned and doubts expressed as to the result in a criminal action for fraud based upon the original statement should debtor fail without due notice of changed conditions. While the phraseology used was upon legal advice incorporated in that blank, we are now advised that the clause could be materially strengthened and made to apply more definitely in cases where goods were obtained upon a statement furnished sometime before the shipment or shipments in question were made.

The language covering this particular point in the association statement is as follows:

"I (or we) agree to and will notify you immediately in writing of any materially unfavorable change in my (or our) financial condition, and in the absence of such notice, or of a new and full written statement, this may be considered as a continuing statement and substantially correct."

While the clause "This may be considered as a continuing statement and substantially correct," would seem to be adequate, yet it has been construed otherwise by the court of a certain state, and for this reason the following sentence which adds considerably to the definiteness and force of the clause is advised:

"I (or we) agree to and will notify you immediately in writing of any materially unfavorable change in my (or our) financial condition, and in the absence of such notice or of a new and full written statement, this may be considered as a continuing statement and substantially correct; and it is hereby expressly agreed that upon application for further credit, this statement shall have the same force and effect as if delivered as an original statement at the time such further credit is requested."

Accordingly we offer the following for your consideration:

"WHEREAS, The 'Continuing Clause' on the association's uniform property statement blanks has been found in the courts to lack contractual definiteness and force; be it

"Resolved, That the National office be authorized and instructed to amend this clause as outlined in this report."

## SALESMEN'S REPORTS ON NEW CUSTOMERS.

In compliance with a request we submit a form of salesmen's report on new customers for your consideration.

### SALESMEN'S NEW CUSTOMER REPORT.

To be filled out and sent in with each new customer's order. Do this in order to insure receiving credit for the sale.

Amount of order, about \$..... Date..... 19....  
 Sold to .....  
 Address .....  
 R. F. D. .... State.....

Individuals if firm, or officers if corporation.

..... Age..... Married.....  
 ..... " ..... "  
 ..... " ..... "

- |  |                           |
|--|---------------------------|
| 1. Kind of business.....   | Value of Stock, \$.....   |
| 2. Condition and if well kept.....                                 | Insurance, \$.....        |
| 3. Does owner devote all his time to business? .....               | Is business growing?..... |
| 4. What is local standing?.....                                    |                           |
| 5. Has he good ability?.....                                       |                           |
| 6. Does he drink or gamble?.....                                   |                           |
| 7. Is location good?.....  |                           |
| 8. Does he get good profits?.....                                  |                           |
| 9. What competition? .....   |                           |
| 10. How many clerks? .....   |                           |
| 11. Are they competent? .....                                      |                           |
| 12. Banks with .....   |                           |
| 13. Local crop prospects .....                                     |                           |
| 14. What is your opinion of customer?<br>(Answer on reverse side). |                           |

Salesman.

### ASSOCIATION FORMS.

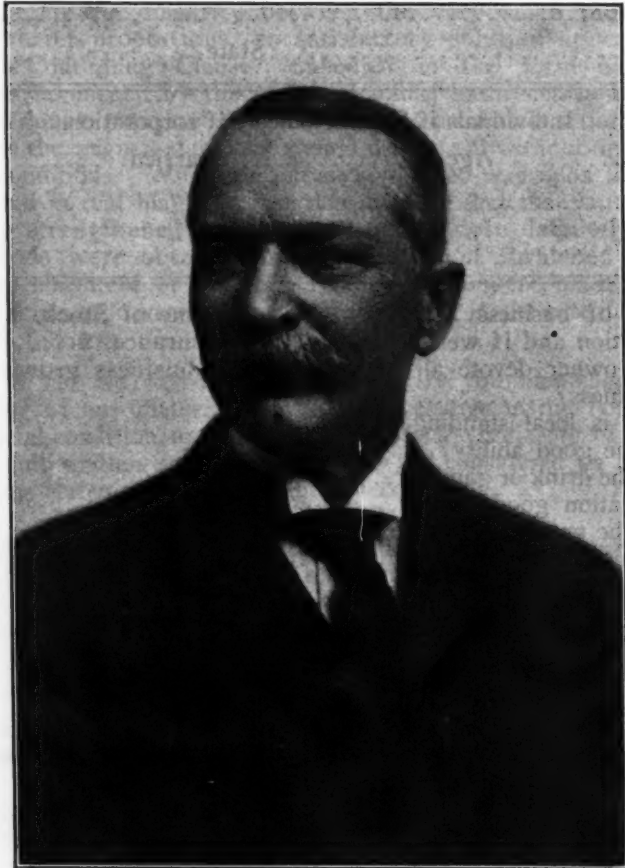
The following figures show the sale of the association forms for the year ending May 31, 1909:

<i>Property Statement Forms.</i>		<i>Trade Inquiry Forms.</i>	
Form A .....	14,250	143,700	
B .....	7,200		
C .....	3,175		
D .....	11,450		
E .....	8,400		
F .....	11,150		
G .....	3,850		
Total.....	59,475		

### VOUCHER CHECK.

The voucher check of many sizes, shapes and requirements has been the subject of criticism on the floor of our convention and it is now with much relief that we can advise you that a joint committee from the American Bankers' Association, the Railway Financial and Accounting Officers and the Association of Public Accountants has met and recommended certain basic principles which should be strictly observed. In brief they are as follows:

(1) A voucher check should be in negotiable form, similar to a straight check or draft and the endorsement of the payee should be the only receipt required.



*Chairman Committee on Credit Department Methods*

F. W. RISQUE

Sieber & Trussell Manufacturing Company, St. Louis, Mo.

(2) The signature of the drawer, the name of the payor, etc., should be relatively in the same general style and position as on a standard draft, and a voucher if larger than the ordinary check be of a form which should readily fold to that size, say 3 to  $3\frac{1}{2} \times 8\frac{1}{2}$  inches, thus securing uniformity in size and shape and obviating the necessity



of a critical examination to discover in what corner or unexpected place on the paper some further receipt or endorsement may be necessary.

(3) Forms have been submitted by the joint committee mentioned with request to comply as nearly as may be in all essentials.

Our Secretary will be pleased to furnish copies of these forms upon request.

#### DISCOUNTS NOT EARNED.

The vexatious question of holding customers to strict observance of well established discounts has had the consideration of our convention and is still unsettled.

This matter was again regularly brought before your Committee and although we are aware that another committee of the association has already considered and may have in preparation a plan by which mercantile agencies may report on those making excessive deductions, we desire to offer a recommendation along other lines not at all opposed to any so far adopted. We believe the proposed plan would be more generally observed and that no successful solution can be found unless uniformity in procedure is followed. The term "discount for cash" should mean just what it really is—a premium for cash or an insurance of the account and should not be treated as an additional trade discount or a competitive selling factor.

If in the judgment of this convention concerted action is desired your Committee would recommend a small paster to be supplied by the National office for attaching to receipts showing short payments, and begs to submit the following:

"'Discount for cash' is a premium for prompt payment within the time and upon the terms as agreed. When not earned it should not be unjustly claimed. Please add to your next remittance, \$. . . . ."

In order to secure your action the following is offered:

"*Resolved*, That a paster or sticker to be attached to receipts or letters acknowledging remittances which are insufficient by reason of over deduction of customary discounts, be prepared by the National office for use of our members and that it be worded as follows: "Discount for cash is a premium for prompt payment within the time and upon the terms agreed. When not earned it should not be unjustly claimed. Please add to your next remittance, \$. . . . ."

#### POSTAL GUIDE SUGGESTIONS.

Your Committee endeavored to secure the rearrangement of the Official Postal Guide as set forth in the resolutions passed at the last annual convention, so that under the name of each town would be shown the number of rural routes branching out, and when possible to what objective points. The publishers of the Guide replied that its text was prepared by the Post Office authorities and any changes or additions must be determined by that department and if so ordered could be carried out by them. They referred us to the chief clerk of the Post Office, as having such matters in charge.

To our letter the Chief Clerk replied that the Postal Guide was prepared and issued for the use of the Post Office Department and not for the convenience of the business public. The tone of his letter was so abrupt that we decided to await a more favorable time, hoping for greater consideration.

On May 11th a registered letter was sent direct to the Postmaster General explaining the matter, one clause of the letter reading as follows:

"If by slight rearrangement of the Postal Guide the public generally could see at a glance from what town rural routes run and to what points, it would not only be a great convenience in insuring proper address and aid the mail clerks to readily distribute and dispatch such mail, but would be of great service to the wholesale merchant in properly locating the inquirer or customer.

"As the change suggested would be of such assistance to the routing mail clerk and to the public at so slight an expense to our Government, we feel justified in believing that you may view it favorably.

"For instance, style now used: *Alabama*.  
Centerville

"Suggested: *Alabama*  
Centerville  
to Abercrombie Harrisburg,  
Bagley Janesville,  
Bethlehem Modena."

We have a receipt for our letter but no further notice from the Post Office Department. This unfinished matter will be bequeathed to our successors in office.

#### LEGAL DEPARTMENT.

Our Legal Bureau will, on inquiry through the National office, promptly furnish to any member an opinion upon questions of commercial law without expense, but under no circumstances will it act as attorney in such cases.

The subjects especially treated by the bureau come under the general heading: "Rights of Creditors Against Debtors," which covers such matters as:

Assignments and Insolvencies	Claims against Estates of Deceased
Bankruptcies	Persons
Bulk Sales	Statutes of Limitation
Conditional Sales	Attachments and Garnishments
Liens	Bills of Sale
Negotiable Instruments	Chattel Mortgages
Rights of Corporations in States	Exemptions
other than those in which they	Mortgages
are incorporated.	Replevins

The aim of the bureau is to furnish advice of the highest quality and strictest impartiality, but under no circumstances will its counsel engage in litigation arising out of questions submitted to him through the bureau.

Many members have consulted the Legal Bureau to their entire satisfaction, but the membership at large, as yet does not appear to appreciate the splendid privilege it offers.

We strongly urge a continuation of the bureau because it is certain to become of increasing advantage to the members at large, and particularly to the National officers. We therefore offer the following resolution:

"Resolved, That the Legal Bureau, established by authority of the twelfth annual convention, has proven of great value to the officers and members of the association and should be continued under the rules and regulations as established by the Board of Directors."

## PROOF OF CLAIM AND POWER OF ATTORNEY IN BANKRUPTCY.

As a matter of convenience to the members, the association should be in a position to furnish them with bankruptcy forms in common use such, for example, as "Proof of Claim" and "Power of Attorney in Bankruptcy."

We recommend that the National office be instructed to carry out this suggestion.

Our efforts during the past year, begun in a sense of duty, soon developed into a labor of love under the kindling enthusiasm of earnest support and appreciation from the most unexpected quarters.

We cannot close without again heartily thanking the many members who have so generously aided in making our work a pleasure and ask a continuance of their support in behalf of the incoming committee.

Respectfully submitted,

FELIX COSTE,  
W. B. MUNROE,  
T. W. OBERHAUSER,  
J. C. HOGAN,  
F. W. RISQUE, *Chairman.*

(Applause.)

Mr. F. W. Risque, St. Louis—(At the conclusion of the report.) Our committee received a great many very good papers and blanks. All the papers received up to this morning have been turned over to Mr. Meek, and are in his office. If we get any others they will be filed there for the inspection of the members.

President Gettys—The secretary will please read the first resolution.

"*Resolved*, That the National Association of Credit Men, in convention assembled, urges that each of the affiliated branches which does not have among its standing committees, a committee on credit department methods, appoint one at the earliest opportunity."

Mr. F. W. Risque moved that the resolution be adopted.

Motion seconded and unanimously carried.

"*Resolved*, That all affiliated branches of the association be asked to assign at least one meeting a year to a discussion of some phases of credit department methods."

Mr. Risque moved and Mr. J. W. Spangler, of Seattle, seconded the motion that the resolution be adopted.

Unanimously carried.

"*Resolved*, That arrangements be made if possible by the incoming Committee on Credit Department Methods to feature at the next annual convention the most approved methods in vogue in credit department work, by means of an exhibit of a model credit department."

Mr. J. Edgar Wylie, Baltimore—I move the adoption of the resolution.

Motion seconded and unanimously carried.

Secretary Meek—In connection with the reading of the next resolution, I will say that letters have followed me since leaving New York, one being received this morning, with reference to a concern that this resolution is aimed at asking whether it was safe to pay \$250 in advance,

said concern agreeing that if they did not give the service within three years they would return the money.

The resolution is as follows:

*"Resolved, That advertised collectors or collection agencies be construed in law as public fiduciaries and placed under state regulation by license or by deposit of a stated guarantee fund, subject to such provisions as may be properly prescribed, and that this matter be referred to the Legislative Committee for action."*

Mr. Risque moved the adoption of the resolution.

Seconded.

Mr. H. R. Bridgman, Buffalo—Could it be possibly construed to cover our own adjustment bureaus? Of course we do adjustment bureau work. Could this be construed in any way to cover our own adjustment bureaus and compel them to make a deposit, as they have in Massachusetts?

Mr. Risque—I will state that when the committee prepared this resolution we did not know that there was going to be anything introduced in Massachusetts. Massachusetts fixed its deposit guarantee at \$5,000, so that each state will fix its own sum.

Unanimously adopted.

*"Resolved, That the National office be instructed to issue a 'guarantee of account' form drafted along the lines of the form which is made a part of this report and offer the same for sale to members at printers' prices."*

Mr. E. S. Murphy, St. Louis—I move the adoption of the resolution.

Motion seconded.

Mr. W. A. Given, Pittsburgh—I am in favor of the resolution in a way, but where you have a guarantee, you have first to sue the person against whom the account stands before you can reach the guarantee. Now, if in the place of the word "guarantee" you could substitute the word "security," you could proceed directly against the security, if you wished. Suppose you have a claim against a party whom you know there is no use of suing, still you must do it, and then proceed against the guarantor. In the other case you can proceed directly against the surety and are not obliged to proceed against the principal, and therefore I move to substitute "security form" in the place of "guarantee form."

Mr. W. S. Hughes, Minneapolis—There are other serious objections to this matter. I know from experience—considerable experience, too—that this guarantee would not stand in the courts of Dakota. There are so many local conditions attached to guarantees that the National office would have difficulty in getting one that would cover the conditions of the whole country.

Mr. Risque—We say along the form as outlined above. That is a matter for consideration which we would like to resubmit to our counsel. He looked over this form, which has been used in Missouri and the West, and has been pronounced most satisfactory—in fact, one concern said they never had any lawsuit in connection with it.

Question on the amendment put.

Amendment carried.

President Gettys—The question is on the resolution as amended.

Mr. T. K. Cree, Pittsburgh—I move that this matter be referred to the incoming committee. If the form is printed so that we could



use it, it would be necessary to have the name of the seller in there six times, in the proposed form, the name of the buyer would have to be written in three times, and the name of the guarantor three times, so that that form would be cumbersome, and for that reason I move to refer the matter to the incoming committee.

Mr. A. C. Foster, Denver—I think this form is too long. We can get a briefer form that will cover our needs better. Another thing, when you put a guarantee form up to a man he wants to know immediately what he is signing; this long guarantee will cause people to hesitate before signing such a paper.

President Gettys—The motion is to refer the whole matter to the incoming committee.

Seconded.

Mr. S. B. Lynd, Louisville—A man feels aggrieved after accepting this form, and makes a loss on it, and I would like to offer an amendment suggested by Mr. Given. I move as an amendment that the form presented in this report be submitted through the local associations of the various states to their counsel, and the accuracy of the form and its desirability for use in the various states be passed upon by proper counsel before it is sent out from headquarters of the association.

Seconded.

Mr. Flannery, New York—I think we are wasting time.

Mr. S. B. Lynd, Louisville—If the resolution goes before the committee in its present shape, with the objections now made, the committee will not pass it, and we should put the matter in as excellent shape as possible before sending it to committee.

Amendment carried.

President Gettys—The question is on the original resolution as amended.

Mr. Risque—It was simply forced on our committee to get up a guarantee. We have 40 different styles on file, and I move that the whole resolution with amendments be tabled.

Motion seconded and carried.

Secretary Meek—The next resolution is as follows:

"WHEREAS, The 'Continuing Clause' on the association's uniform property statement blanks has been found in the courts to lack contractual definiteness and force; be it

"Resolved, That the National office be authorized and instructed to amend this clause as outlined in this report."

Mr. Risque—I move the adoption of the resolution.

Seconded and adopted by unanimous vote.

"Resolved, That a pasteur or sticker to be attached to receipts or letters acknowledging remittances which are insufficient by reason of over deduction of customary discounts, be prepared by the National office for use of our members and that it be worded as follows: 'Discount for cash is a premium for prompt payment within the time and upon the terms agreed. When not earned it should not be unjustly claimed. Please add to your next remittance, \$.....'"

Mr. Risque moved the adoption of the resolution.

Seconded.

Mr. H. E. Smith, Columbus—I should like to have you take into consideration the fact that the Committee on Mercantile Service has requested members of the association to refer to Dun and Bradstreet

where short payments and deductions are made, and it occurs to me to pass this resolution might lead to confusion. I believe furthermore that you will find the great majority of credit men are not accepting checks from which an unjust deduction is made but most of them return the checks and ask that the unjustly deducted sum be remitted. I believe we will get very much better results if our members would follow this procedure and also report to the agencies the concern making them. I do not believe you can govern the merchants of the country with a sticker.

Mr. Risque—This is in harmony with the resolutions offered by the Mercantile Agency Committee to which you refer. That committee states that the mercantile agencies are to be informed of chronic cases of over deduction, and also suggests taking the matter up directly with the customer. Now, if we have a little paster, uniform in type and size—it will not be obligatory for members to use it—yet it will, I believe, prove very effective. As an illustration, consider how St. Louis merchants put a stop to the use of the country check in payment of accounts and all by using a sticker.

Mr. J. D. Armstrong, Baltimore—It seems to me that these unjust deductions come up so seldom in proportion to the number of accounts that it could be better handled by personal letters. It seems to me that a letter three or four lines long would have a great deal more influence, and therefore I move the rejection of the resolution.

Mr. W. A. Given, Pittsburgh—You will recall that at one of the former conventions a resolution similar to the one before us was adopted. I had at one time on my desk half a dozen accounts with balances ranging from \$5 to \$20, caused by shortage in discount, and I was at my wits end to know what to do. I had written concerning them repeatedly, and finally I conceived the idea of having the resolutions printed and sent out with the result that all the amounts but one came in within a week.

Mr. F. H. McAdow, Chicago—We are trying to find a method of relief that we all need, and when we are convinced of that, why not go after it and get it and work at it all along the line, because you know its "line upon line, precept upon precept" that leads to success, and "constant dropping wears away the stone." Mr. Smith's committee is the battery and Mr. Risque proposes to bring up the infantry and support the battery. Now, let us go ahead and try both plans.

Adopted.

Secretary Meek—Just as a preface to the reading of the next resolution, I want to state that during the last session of the legislature of New York state a law was placed upon the statute books, which goes into effect, I believe, on the 1st of August, preventing *corporations* from practicing law. I do not believe however that it is going to affect our association, since it has been organized under a section of the law as a non-profit organization.

"Resolved, That the Legal Bureau, established by authority of the twelfth annual convention, has proven of great value to the officers and members of the association and should be continued under the rules and regulations as established by the Board of Directors."

Mr. J. W. Spangler, Seattle—I move the adoption of the resolution.  
Seconded.

Mr. S. B. Lynd, Louisville—At the risk of wearying the convention, I would like to offer an amendment to the resolution, only to amplify

the usefulness of its service to the organization. We members of the weaker associations run against great difficulties in getting business men to join the association. They say, "What are we to get out of it?" And I think if the service this legal bureau is giving could be advertised considerably more than it is now, and could be brought from month to month to the attention of the weaker members, that it would help the membership committees of our various organizations, and would help the general organization in welding its different parts together. This is what I wish to add as an amendment:

"And that a notice of the existence of such a department, of the field it is intended to cover and the terms on which it is available to members, be published in a conspicuous place in each number of the BULLETIN."

Mr. Risque—I second that for the purpose of speaking to it. That is what our committee has found all during the year, that secretaries, chairmen of local committees, absolutely had forgotten that we had certain valuable adjuncts. If the secretary would notify these different members, I do not think we would have to publish any advertisement.

Amendment seconded and carried.

Resolution as amended and adopted is as follows:

"Resolved, That the Legal Bureau, established by authority of the twelfth annual convention, has proven of great value to the officers and members of the Association and should be continued under the rules and regulations as established by the Board of Directors, and that a notice of the existence of such a department, of the field it is intended to cover, and the terms on which it is available to members, be published in a conspicuous place in each number of the BULLETIN."

Mr. Lee M. Hutchins, Grand Rapids—Mr. Meek has said a thing that excites my curiosity, that there is a New York law against corporations practicing law. Do I understand him aright?

Secretary Meek—The real object of the enacting of such a law is that it was found that lawyers who had been disbarred simply turned round, incorporated a collection company or something of that kind, and went on doing business just the same. Accordingly this law has been passed preventing corporations from practicing law, for the purpose of smoking the rascals out.

Mr. Hutchins—Have you not in New York state large corporations which employ an attorney for the sole purpose of handling their legal questions?

A. Yes. You refer, do you not, to a corporation not organized to practice law, but to those corporations which have taken in an attorney and have a legal department?

Q. Anything that appertains to their business?

A. Some of the concerns that this New York statute is aimed at have already taken steps to transfer the legal end of their business to an attorney. That is the plan, I think, that such concerns intend to operate under, but at the same time there is a chance, I believe, that the law may compel reputable collection agencies to take the same steps, and that their legal business will have to be transacted by an attorney whose name appears in the open.

Mr. George Guckenberger, Cincinnati—I would like to ask for information, what our legal department consists of: Is it a committee or is it a legal adviser?

Secretary Meek—Two or three years ago the Board of Directors

authorized the establishment of a legal bureau. Arrangements were accordingly made with our counsel. All matters which come to the office which require opinion are referred to counsel, an opinion is prepared, with such citations as are necessary. Upon instituting the service we issued circular letters and notified all local associations of the terms under which these opinions could be had. Up to a certain extent they are free. When members want an extended opinion there is a charge, but we never go ahead with work involving a charge without first notifying the inquiring party.

Mr. G. L. Irvin, Baltimore—Following the remarks just made, I want to ask if the association assumes any responsibility when, or in case any of the members act upon the bureau's opinion and finds to their loss that its advice was based on an error?

Secretary Meek—Our counsel is very guarded in his replies, basing them on court decisions and giving citations when a question of that kind is submitted, as for instance, the question of doing business in a state on the part of a foreign corporation, which is differently interpreted by every state in the Union. The opinion is prepared, giving a synopsis of the latest court decisions. I do not believe that there is any danger from the cause mentioned. The matter was very carefully gone over by the Board of Directors before it was put in operation.

Mr. Max Silberberg, Cincinnati—I have the following motion to offer:

"WHEREAS, The National Association of Credit Men in convention assembled at Philadelphia, Pennsylvania, believes that a revision of our tariff laws in their entirety and at a given session is not practicable, therefore, be it

*Resolved*, That it is the sense of this convention that a non-partisan, permanent, expert tariff commission, such as other civilized nations have, should be created. Such commission would, by virtue of their profession collect information to be utilized by Congress for the purpose of more intelligently perfecting our tariff laws, said commission to be appointed by the President. And be it further

*Resolved*, That a copy of the resolutions be sent to the President of the United States; that a copy also be memorialized to the present Congress; that the members of our organization pledge themselves to write to the Senators and Congressmen of their respective states and districts asking them to labor for the enactment of a law to create a commission at the next regular session of Congress in 1909-10."

President Gettys—Under our rules, that resolution goes to the Committee on Resolutions without debate.

Mr. E. D. Flannery, New York—I would like to make a few remarks in relation to the question.

President Gettys—Do you rise to a question of personal privilege?

Mr. Flannery—Yes.

President Gettys—You may be heard.

Mr. Flannery—The National Association of Credit Men should not go so far afield in this matter for two reasons—

A point of order was raised that the delegate was debating a question which should go before the committee without debate.

President Gettys—The point is well taken and sustained.

Recess until 10 o'clock in the morning of the next day.



### THIRD DAY.

Thursday, June 17, 1909.

#### MORNING SESSION.

The convention was called to order on the morning of the third day by President Gettys at 10 o'clock. It was opened by invocation pronounced by Luther B. Wilson, LL.D., of the Methodist Episcopal Church.

Mr. T. James Fernley, Philadelphia—Mr. President, if you will permit, there is a little matter which is very near to my heart and has been for many years, which I would like to speak of for about three minutes, and yet it is a subject that you probably would not permit to be introduced on the floor. Yesterday, I think, under the head of *magnanimous* consent (laughter), you allowed some things to be said. Have I your consent?

President Gettys—Most certainly.

Mr. Fernley—Then I will say in addition to being engaged in the wholesale hardware business in Philadelphia for 15 years, I have been secretary and treasurer of the National Hardware Association of the United States, and also of some other organizations, and there is one matter that we have been combatting in our organization which I believe very seriously affects the commercial interests of this country. I feel that it is a subject which would be germane to the work of this organization, and yet there may be some doubt, and hence it will probably not be introduced on the floor. It is the subject of the parcels post.

We in the hardware business have been watching this movement for many years, and are quite convinced that the adoption of a parcels post by our government is going to be so detrimental to the interests of our customers, the retail merchants of the country, that it is highly important that the commercial men of our land should learn all they can regarding it and combat it in every way possible. There are too many arguments to present in the space of the two or three minutes which I want to confine myself to, and I will not attempt to present them, but we feel that the establishment of the parcels post by our government is going to have such a calamitous effect upon the retailers of the country, meaning the wiping out of the rural merchants and the building up of great mail-order houses, that we should in every way combat the movement for its establishment. The idea of the parcels post is that the government shall carry 11 pounds for 25 cents to any part of the United States and its possessions. Investigate this subject, take it up in your local chambers of commerce and boards of trade, and see whether you ought not to oppose vigorously the establishment of this parcels post system. I thank you for this opportunity of introducing a subject which I had no business to introduce. (Applause.)

Now, I have here an aerogram over the signature of the president of the United Wireless Telegraph Company, extending the privileges of the wireless telegraph to the delegates and ladies of this convention. (Applause.) The operating and receiving room is on the roof of this building. Special cards can be obtained at the office to take you by elevator to the office of the wireless, where they will be glad to convey messages for you.

I stated a few days ago that in connection with the entertainment this afternoon we hoped to have the presence at Valley Forge of Mr.

Washington. I sent last evening a wireless message to heaven, addressed to Mr. Washington, but as yet have not heard from him. (Laughter.) It may be that he is not there. (Great laughter.) The ladies, immediately after I finish, if I do, will proceed with Mrs. Rapp and the other ladies of the committee to Wanamaker's, returning here in ample time to take lunch, and then automobiles will conduct those ladies to Valley Forge, which is 18 to 20 miles or further from here. I want it to be understood that this 2 o'clock party is a ladies party, and if any of you gentlemen feel that you cannot be segregated from



*Director*

OSCAR LOEFFLER

Goll & Frank Company, Milwaukee, Wis.

your wives, you will have to make other arrangements and keep your wives from going. But knowing the ladies as I do, I am convinced that they will be independent enough to keep their husbands in this meeting. I want to say in connection with the Valley Forge trip that any ladies who have their children with them, and any children under seven years of age, can go without tickets, and I make that announcement because of the fact that I know one lady here who has two

children under seven years of age, and I am their father. (Great laughter and applause.) Those are not the only two, Mr. President—they are the last two. (Great laughter and applause.)

President Gettys—Before hearing the address on fire insurance, I want to pause for a very pleasant incident. We have with us one of our ex-presidents, a man who is in the heart of every member of this association, and is regarded with the warmest affection by them. I will ask Mr. La Motte and Mr. Hutchins to escort to the platform Mr. J. Harry Tregoe, of Baltimore. (Great and long-continued applause.)

Mr. J. Harry Tregoe, Baltimore—Mr. President and Fellow Members of the National Association of Credit Men: I thank you for your very cordial, kind and magnanimous words and for your reception. It is a great pleasure to be with you this morning, but it was not such a pleasure to be held up as I was when I came in, in meeting Mr. Fernley, the very witty and astute chairman of the Entertainment Committee. I was introduced to him as Mr. Tregoe, and he turned to Mr. Levi, who presented him, and said: "Who is he?" (Laughter.) I immediately said "A has-been." (Laughter.) Mr. Levi said, "No, he is an ex-president of this association." Then Mr. Fernley bowed to the floor and said, "He is a gentleman." (Laughter.)

I have been running over in my mind this morning for I could not refrain from doing it just a few moments, as I sat in the chair with my associates from our city—to the second convention of this association, which was the first one that I attended, at Detroit, and remarking upon the vast growth of this body; and I considered in my mind what was the occasion of the growth; and I believe, gentlemen, that it is fidelity to the traditions that were laid down by the men who organized this association. (Great applause.) You have been faithful to these traditions. You have carved out for yourselves a great name in the commercial and financial world of this country, and you have done, I want to say it most heartily and sincerely this morning, a most noble work.

Now, I am not going to take your time. It is just happiness to be with you, and spend a few hours in this company. But just one note of warning: The period of danger to any body is when it grows prosperous. When we think that we are on the tidal wave of success and doing the very best, that is the time when we are facing the gravest danger.

Let me say to you most earnestly, in this organization and in your local organizations, eliminate just as far as possible the element of commercialism. (Great applause.) Do not believe that this organization was founded solely for your personal benefit. Do not solicit men or houses to become members solely for the benefit they are going to get; because if you do, you are injecting a sore which will spread rapidly.

This organization was founded on the prime and elementary principle of faithful fellowship. We joined together, not only for the good of ourselves, but the good of our brother. We became banded together to do that splendid work of eliminating the things that were hurtful and harmful and building up the things that were helpful. Now, just hold to those principles, keep together in the sweetest fellowship, and so long as you do it, so long is this body going to grow and you are going to be proud of it.

I am not a bishop, but I will stand now with my hand extended on this work on you and say with my heart, the Lord bless you! (Great applause.)

President Gettys—The chair will request Mr. Evans, of Philadelphia and Mr. Kanzler, of New York, to escort to the platform Mr. George P. Sheldon. (Applause.)

President Gettys—It is my pleasure to introduce to you to-day Mr. George P. Sheldon, president of the Phenix Insurance Company of Brooklyn, who will address us on fire insurance. (Great applause.)

#### ADDRESS OF MR. GEORGE P. SHELDON.

##### *Mr. President and Gentlemen of the National Association of Credit Men:*

I come before you to-day at the request of the president of the National Board of Fire Underwriters in response to the courteous invitation extended to the board to have a representative appear before you and bring to your attention the subject of fire insurance which interests us all.

The National Board of Fire Underwriters, as you know, is an organization that does not concern itself with rates, expenses in securing business, commissions, etc., but is engaged in work of a general nature for the benefit of the public at large, as well as of insurers, and enrolls itself as one of a number of such organizations co-operating together for the public good.

The board has various branches of work to bring about this result. The first one I might mention is in connection with our committee that has to do with the inspection of fire departments and water supplies of municipalities throughout the country.

We have been engaged in this work now for many years at an annual expense of nearly \$100,000, and I believe it is fair to say that we have examined the fire department and the water supply systems of nearly all the cities in the country exceeding 20,000 inhabitants, and in such cases, when report is made to the committee by our experts, that report is communicated to the highest authorities of the municipality with the recommendations which the experts attach to their report. We are very glad to acknowledge here to-day before your association that these reports have been received with great interest, the recommendations made in them have been endorsed quite generally by the authorities of the municipalities, and in very many cases after the improvements recommended have been made, our experts have been invited to revisit those places, and report as to the efficiency of the work done.

We also have committees on fire prevention; we have established laboratories, housed in a building in Chicago which is intended to represent the best class of fireproof construction known at the present day, and the work of this committee is at the call of any association or individual without charge, if advice is sought upon the matters committed to them in their branch of work.

In addition to all this, we have during the last few years sought to extend in various ways the knowledge of conditions affecting fire prevention and fire waste to the country at large, with a view to arousing a public spirit and a sentiment of co-operation, so that the terrible waste and drain upon our material resources may be greatly lessened.

I might mention in passing that some years ago a committee of insurance leaders called upon the President—it was the late President



Harrison. An appointment had been made to discuss with him the question of securing publicity through the national government of the terrible losses that had prevailed in the country during the previous year. We had prepared ourselves with the statistics that we thought would impress our President, and through him we hoped to impress Congress and through Congress we hoped to impress the nation at large. After being presented to him, he stated very briefly that having been informed of the purpose of our visit, it was his duty to say that losses by fire, no matter how serious and enormous they might be and methods to reduce fire loss, were not mentioned in the constitution as a subject that the President could communicate with the Congress about, and therefore he would be obliged to state that the national government could not co-operate in the matter.

Not discouraged, however, we continued the work, until now, I am very glad to say, especially during the last eighteen months we have been very much encouraged and in no direction more than in the work of your magnificent association, whose labors in this field we have followed with great interest. (Applause.)

When we were turned down by the national government, we naturally sought to interest the state government and municipal authorities, through organizations and individuals, and the various business men's associations scattered throughout the land. With this in view the matter of fire waste was presented to the business men's meeting which took place in Nashville, Tennessee, a few months ago, which was addressed by Insurance Commissioner Barry of Michigan, and others qualified to speak on fire matters. Last fall the Credit Men's Association of Oklahoma City was addressed by Insurance Commissioner McComb of that state.

Lately the Chamber of Commerce in Richmond has also given attention to this subject, and within the last two weeks the first opportunity we have had to present the matter to an organization of municipalities was taken advantage of when the municipal league of the cities of Georgia assembled in their annual meeting at Columbus, and upon the request of one of their leading members, the subject of fire waste and fire prevention was brought before them and their co-operation asked in securing better conditions in their respective fields.

All this is preliminary to the suggestions that I wish to make to you to-day. It is not my purpose to enlarge upon this question of fire waste, for it has been brought before you over and over again; and yet I want to say to you that it presents a problem we cannot slight and its very magnitude should impress us so deeply that if I do refer to it for a moment, I trust you will pardon me; I merely want to get before your minds what this fire waste means to the material welfare of our country.

The figures, briefly stated, are these: Fire losses of \$700,000 a day every day in the year is the average at the present time, a total fire loss for the year 1908 of over \$215,000,000; and if you add to that the cost of the fire departments, the water supply expenses and matters of that kind incident to fire waste, you have a total waste for the year 1908, as estimated by the statistics of the national government, of over \$400,000,000. The fire loss alone shows a per capita amount of over \$3 to every man, woman and child in the country.

If this were the average fire loss throughout the world, as much as we might regret it, we would not dwell upon it at such length; but

if we contrast our fire loss of \$3 per capita with the fire loss of the six prominent countries of Continental Europe, there we see a fire loss of 38c. per capita or a little more than one-tenth of what we have here in this country.

Now, it has been shown that this fire waste can be materially reduced in restricted localities. It can be reduced in municipalities, as is shown by the very small amount of losses in the great cities of Europe, contrasted with those we have here. It can be reduced in states, as is shown by like figures, contrasting the loss in those countries with the loss in ours.

Coming down to individual risks it can be shown that with proper construction, proper appliances for dealing and grappling with fire at its inception, an individual risk detached and unexposed can be rendered almost immune from fire.

The first thing we want to impress on the thinking men of the country is that the vast sums of money collected in the form of insurance premiums are collected by the companies as the agent or representative of the public, in the nature of a tax to be distributed where the losses occur, and thus make those who have been unfortunate—if I may use that term for a moment—partially good by the contributions of those who have not suffered the calamity of fire.

At first that seems a humanitarian thing and a good thing to do. But if you will examine carefully the elements that make the fire loss so small abroad and so large here, you will see that the contrast rests largely on a difference in the point of view. Abroad a party who has a fire on his premises is not immediately sympathized with, but instead is likely to be looked upon with suspicion. Before he can do anything toward collecting a loss it is necessary for him to go before the proper officer or tribunal and affirmatively prove that the loss did not take place through his fault or negligence, and not only must he do that with reference to the public at large, but as you know in France and Germany they have a law that if your neighbor has a fire due to his negligence and that fire damages you, you can call upon him to make good your loss.

Besides this wholesome point of view we find abroad laws calling for a proper construction of buildings; and the laws that hedge about the construction of buildings in those countries are far more strictly adhered to than the construction laws here.

Especially do our European friends consider the relative danger of damage by fire to property and to loss of life. In the year 1907, in this country, by reason of fires, there were 1,500 lives lost and nearly 7,000 people injured, so that in considering this subject you are not considering the property loss alone, but should consider also the loss and damage to life.

So the first thing that will bring about a reduction of this enormous fire waste will be a change in the sentiment of the people toward those who have fires, and thereby will grow a feeling throughout the whole community that it is to the interest of every individual to contribute to the welfare of the whole by doing everything in his power to eliminate the possibility of having a fire on his premises.

Now, this fire waste that I refer to is, as you know, an irreparable loss. The premium does not make it good; the premium simply distributes that loss among those who have been more fortunate, but the property insured is gone.

In order that you may appreciate what that means, I would like

to read just for a moment from an extract taken from the report of the statistician employed by the national government. It will give you some idea of what this loss means to the material welfare of the country, and this loss, this fire waste, is contrasted here with the building operations that take place in the course of a year in our country.

These statistics collected by the government show that the building operations of the United States during 1907 reached the great sum of \$1,000,000,000. The cost of fire to the country, including not only property destroyed but maintenance of fire departments, payment of insurance premiums, loss benefits returned, protective agencies, additional cost of water supplies, amounted to \$465,000,000, or about 50 per cent. of the total value of the new building construction in that year. This amount, this fire tax, exceeded the total value of gold, silver, copper and petroleum production of the United States in 1907, and was thirteen times the interest on the national debt.

Now among the recommendations that the president of the National Board of Fire Underwriters makes is, first, this one, that the public should be brought to understand that property destroyed by fire is gone forever, and is not replaced by the distribution of insurance, which is a tax collected for that purpose.

Another element which is more apparent perhaps to you is with reference to the building codes. The National Board having employed the best experts that could be had in this business has prepared what is called a model building code, which has been distributed throughout the country to tens of thousands of people. We believe that if the principles embodied in that code could secure the approval and support of the various municipalities, our fire loss would be reduced at least 33 1-3 per cent., inasmuch as our figures show that as between frame construction and brick construction at the present time the number of fires in the former is to that in the latter as four to one and the damage to building and contents is nearly three to one in favor of brick.

Here then is a very plain example of difference in results due to construction; and we ask you to use your influence in your various communities where you have your organizations and where you are influential as individuals, to do what you can to arouse a public sentiment in favor of having the state and municipalities require a high type of safe construction, essentially following the code of the National Board of Fire Underwriters, which has been prepared under the advice of experts in construction and engineering.

Following this, our committee recommends the passage of proper fire marshal laws in the various states, calling for the appointment of fire marshals, whose duty it shall be to examine into the causes of fires, and in cases presenting basis for suspecting incendiarism, turn them over for investigation to the proper law officer, sustained by a grand jury inquisition.

Now, assuming all this to be done, I know the question will be asked what will be the result in rates. We are a practical people and that is a practical question.

There is still talk, there is still a belief, that rates are excessive even at the present time. That criticism arises with reference to the rate upon an individual risk. A man says: "I have been paying premiums for 5 to 20 years and have never had a loss, and yet my rate has not been reduced." He cannot understand it; he forgets that because he has been immune, he has thus contributed to reduce

what would have been a still further fire loss, and to diminish a tax which appears already too great.

Now, to get a little light on this subject, let us look at the rates that prevail in those countries where we have found the fire loss to be small. Do they pay any such rates as are paid in this country? Not at all. An examination of the statistics of the premium rates collected in those countries presents a distinct contrast to the rates that we have here. Yet you will find that the percentage of loss to premium income, expense to premium income and profit, will practically be the same in those countries that they are here, except that, even with the small premiums collected, the profit is greater.

I have here the figures collated with reference to 148 companies reporting to the state of New York in 1907, giving the amount of premiums collected by them from the time they started in business, if American companies, if foreign companies, from the time they entered the United States for the purpose of engaging in the business; and these figures show that of the companies doing business then in New York, the 148 referred to, the losses to premiums collected amounted to 59 per cent. for all that time, reaching back in the case of the Insurance Company of North America in Philadelphia, to the latter part of the eighteenth century, and in the case of some of the older companies of Hartford and Philadelphia, to the early years of the nineteenth century.

That seems of itself to prove that during that period of time, insurance companies could not have made very much money, and that excessive rates had not been charged. But if you add to that loss suffered by the 148 companies still doing business that I refer to, the loss to four times that number of companies that for one reason or another have retired, you will find that the actual losses to the premiums collected by the insurance companies as a whole in this country, up to 1907, equaled more than 75 per cent. of the premiums collected.

Now, if you get into your minds the fact that as is the fire loss so will be the gross amount of premiums collected—it bears a fixed percentage—you will see that the only way to reduce these rates materially is to reduce the fire waste, and that is in the power of every individual if he will contribute his individual effort to that end.

We can point to a class of business where we can demonstrate the truth of this statement. Take the factory business, the textile factories; we have an association among our companies that started to insure that class of business risks, built in the best way, having the best known appliances to detect fire and grapple with it in the initial stages. Fifteen years ago we started that association, gathering together the experience of our companies relative thereto as we best could up to that time. The average rate we charged at the beginning was about 23 cents on \$100 of risk.

Now, as time has gone on, new devices have appeared, and risks have been made better. Have the insurance companies profited alone by that and maintained the same rate? Distinctly not. The average rate of that association which charged 23 cents fifteen years ago has come down to nearly 15 cents, and continued steadily to decline; and I do not hesitate to say to you that every prominent underwriter interested in that association and acquainted with the details of that work would more readily place his signature to a policy of \$100,000 on a textile mill of that kind than he would to a policy of \$1,000 in the best dwelling house in the city of Philadelphia.



We feel in this class of business that we can measure almost absolutely the probable fire loss, and we have had not only our own experience among the stock underwriting companies, but we have also the experience of the mutual companies which earlier entered into the adoption of methods both of construction and equipment in order to make it safe for them to insure a class of business that you would ordinarily consider very hazardous.

A cotton mill as you enter the picker room, does not seem like a very inviting risk on which to place a large policy, and yet with the appliances that foresight and wisdom have provided, we now regard that class of risks the very safest upon which we can place our policies.

What has been done in the individual detached risk, such as the cotton mill, of course, cannot be so easily done with a risk in a closely congested district, or a risk, no matter how good it may be of itself which is exposed to other risks that are not so well constructed and are more liable to have fires.

Twenty-seven per cent. of the fire loss to-day, according to the best figures that we can get comes from losses due not to fires that originate within the risk itself, but fires communicated by exposures. And this spreading of fire by exposure could be very largely reduced if the one provision of having proper roofs and cornices were insisted on.

In what they call the business section of the little village that I live in we had a fire recently. The fire was of such a nature as to attract the curiosity of people living quite a distance off, and one family living in a beautiful house—both the members of the family and their servants—impelled by a desire to see this fire, left their house, nearly a half mile away from the scene of the fire, and when they returned it was damaged beyond recovery, fired by a brand from the village fire. Had that house had a proper roof and proper cornices, it would not have suffered at all by reason of the fire which started nearly half a mile away.

It seems a simple thing of itself, but the best examination that we can make with reference to proper roofs and cornices enables us to say that improved methods of construction applied to them would probably do more to reduce the fire waste than any other single preventive that could be suggested.

I have referred to the fact that this subject has been seriously considered by various associations, by some municipalities, by a number of business organizations; but it gives me great pleasure to say that acquainted as I have been from time to time through the courtesy of your officers, with the literature issued through your committees, I know of no association that up to the present time has done such good work in arousing sound insurance thought as the National Association of Credit Men. When I learn of the growth of your association, starting with a few members and now extending all over the land, with your 11,000 members, influential in their different communities, influential in different organizations, I say that it is within your power to be the advanceguard in this work, if you will seek to exercise that influence through the localities where you live, as to municipal ordinances and impressing it upon your representatives in the state legislatures to adopt proper building and fire marshal laws.

The chairman of your committee, Mr. Powell Evans, a year ago addressed a meeting held at the White House in Washington upon the invitation of President Roosevelt and composed of the governors of the various states with reference to this subject, and so impressed were they

with the figures that he presented, and the forceful way in which he presented them, that when the National Conservation Commission was organized and held its first meeting in Washington, the National Board of Fire Underwriters was invited to be represented there by a committee, and this subject of fire waste which we sought to have embodied in the communication by President Harrison to Congress, fifteen or sixteen years ago, and through Congress to the public—this subject of fire waste is now put among the subjects of great national waste that are being considered and looked after by the National Conservation Commission, and we are to have the co-operation of that commission in doing what lies in its power through recommendation and endorsement. In case that millennium shall come, when the public will look from a proper point of view at the matter, and when they will co-operate in adopting proper building laws and ordinances, this is what the government expert says we may reasonably expect:

"At a reasonable estimate, probably over one-half the insurance, one-quarter of the city water supply and distribution charges, three-quarters of the fire department charges and three-quarters of the fire losses, or a total of \$234,000,000 may be reasonably looked forward to as a saving, at such time as through dissemination of information relative to less inflammable structural materials and the enactment of better building codes, building construction in the United States shall become of a kind similar or superior to that now found in the European countries."

I thank you very much. (Great and long-continued applause.)

President Gettys—I know that I voice the sentiment of the entire convention in thanking Mr. Sheldon for his able address.

The Chairman of the Committee on Fire Insurance, Mr. Powell Evans of this city, is unavoidably absent, and his report will be read by Mr. McKee.

Mr. Howard Marshall, New York—Before the reading of the report I wish to say a word: One of the most helpful and inspiring meetings that could possibly be held in connection with the work of this association was held this morning by the Committee on Resolutions, which by the courtesy of our president includes the president of every local association. There was an exchange of experiences there this morning which I believe will count abundantly in the growth and usefulness of this organization. The only difficulty was that only half the number was present that should have been present at that meeting, and the chairman requests that as an act of courtesy to our president who appointed this committee, we have a full meeting to-morrow morning at 9 o'clock, the announcement of which was read by the secretary.

### **Report of the Fire Insurance Committee.**

*To the Officers and Members of the National Association of Credit Men.*  
GENTLEMEN:

You must have been impressed as you heard the reports of your successive insurance committees made to these annual conventions during the last three years, with the fact that these committees have carefully studied the broad field of insurance and have earnestly endeavored to outline to the association a definite program for bettering insurance conditions.

It may fairly be stated that you have not fully realized the large resources which the association has at its command to promote better

conditions as to fire loss and reduce the tax in the form of insurance premiums paid out to indemnify for the waste this loss represents.

An association of 11,000 representative business houses in every line of trade, constituted as this association is, with active branches in all the large centers—composed of men of unusual earnestness and wide business experience, led by an active and experienced leadership and following a consistent policy—makes a remarkable force with which to carry through large projects.

We may agree that the force and the will exist and that what we need to accomplish our end is:



*Chairman Fire Insurance Committee*

POWELL EVANS

Merchant & Evans Company, Philadelphia, Pa.

First. So to perfect our organization as to advance our plans actively along the lines of least resistance, either alone or with judiciously selected affiliations;

Second. To give such constant and widespread publicity to these efforts as to educate most effectually the public at large and draw the maximum public support to our efforts; and

Third. To study the problem and create a logical and workable program of effort.

Now to amplify further on the three main headings above outlined:

The problem of fire waste in the United States is certainly recognized—but the evil is not being properly fought. It is the fundamental A. B. C. of insurance cost. The chairman of this Committee prepared an exhaustive summary of the subject for the National Hardware Association and the National Association of Manufacturers early in 1908, and as a consequence both organizations as well as the League of American Municipalities and the National Conservation Commission joined the National Fire Protection Association. This summary was incorporated in part in the proceedings of the National Conservation Commission at Washington in May, 1908, and led to the participation of the National Board of Fire Underwriters (undoubtedly the highest authority on the subject in the country), in the later conference of December, 1908, and further to the publication of the latter's report on fire waste in the proceedings. Henry J. Furber, Jr., General Counsel of the Chicago Board of Fire Underwriters addressed your Chicago branch on April 15, 1908, and Edward T. Campbell, President of the American Central Insurance Company, addressed your St. Louis branch on this subject on December 10, 1908.

You can easily secure any or all of this matter, and learn in detail that the United States average fire loss is about \$3.00 per capita, or more than nine times that of western Europe, and is constantly on the increase. The whole story of frightful waste of life and wealth with its causes and correctives, is an open book for any who will read. So far, we business men of this country have cried out passionately against it when hit, but usually have applied only a *palliative*—no real betterment of conditions. The corrective is to be found in all business men joining hands against this common enemy and effectively co-operating to control it. No one association, however large, earnest or well informed, can change matters appreciably.

The habit of undue fire waste and of paying for it is too old and strong, the inertia too great, the problem too large, for any single interest to effect reform.

More than a year ago, before I became chairman of this Committee, I invited this association to rename the Committee, calling it "Committee on Fire Prevention," feeling that that side of the problem greatly over-balanced in importance any other aspect of fire insurance. I again wish to offer this suggestion on the ground that we must go straight to the fundamentals of the questions.

The activity of property owners in constructing, protecting and occupying buildings as their knowledge, capital, habits and the local laws may influence them; the insurance organizations as their business and the state laws influence them; and the character of the local municipal government, its attitude toward its water supply and its fire departments—all together, all the time, everywhere, are the factors which determine fire waste and insurance cost.

Hence the logical program:

- A. Educate the citizen.
- B. Pass good state laws.
- C. Pass good municipal ordinances.



#### APPOINTMENT OF LOCAL COMMITTEES.

As to perfecting our organization for this work in the report before the convention of 1908, the recommendation was made that all affiliated branches of the association appoint like committees to work in conjunction with the present committee of the National Association. Not all the associations have taken this step. It is of the highest importance, if advantage is to be taken of the full power of this organization that every association appoint such a committee, and furthermore, these committees should, in every case, be made standing committees, to assure reappointment year after year. Each local committee should then invite all other local organizations to combine into a joint local committee to investigate and co-operate locally on fire prevention, protection and insurance matters along lines suggested by the parent committee.

With this accomplished, no pains should be spared by the incoming committee of the National Association, to keep in close touch with local committees by regular communications in order to direct their endeavors. If this work is carried on with wisdom and persistency a well-informed and enthusiastic body of workers will be developed in some fifty or sixty centers over the country, the importance of whose efforts to the country at large in this great field of economic work can scarcely be overestimated.

These local organizations in each state should then form a joint state committee to procure needed state legislation.

#### STATE LAWS.

In the opinion of your Committee the most important direction in which these state committees and their branches can work is in behalf of a proper *fire marshal law* for every state and then for the appointment of a conscientious and competent fire marshal who by publicity and education on the one hand and general state regulation on the other and again through pressure on municipalities shall produce a distinct betterment of fire waste conditions, and especially give to the public a better understanding of the real measure of the country's extravagant and absolutely preventable fire waste. The insurance companies will fight any state bill imposing the cost of a fire marshal on them.

In its report to the last convention, the fire insurance committee urged the general adoption of a fire marshal law, and your Committee now urges that the force of the organization be largely directed in this channel during the coming year.

And the first necessity is that your joint committee study and draft a model law based on the theory and practice of those fire marshal laws which have been in force in certain states for several years. This law must be considered with reference to the constitutional and court decisions of each state; and again the law, when in shape, must be introduced and followed closely until enacted by the legislatures of all states. A like course might properly be followed with relation to a universal form of insurance policy. A tentative draft of such form has already been prepared by D. L. Sawyer, chairman of your legislative committee, at the request of the Commissioners on Uniform State Laws. This draft would doubtless have to be modified like the fire marshal law, to meet local conditions in the several states; and to stand a good chance of general acceptance the work should be done in co-operation with the boards of fire underwriters, the National Association of Insurance Commissioners and the insurance committee of the American Bar Association; where-

upon the several forms should be pushed into adoption in the several states. A like course could with advantage be followed with relation to the regulation of insurance brokers, which would be a long step toward curbing over-insurance.

Finally, for the benefit of our members, a list could be prepared of all insurance companies, as to the soundness of their credit and methods. This association has had just the sort of experience to equip it excellently for each one of these steps.

#### CITY ORDINANCES.

There is a demand also in every city that there be a body of business men who shall see to it that the recommendations made by the engineers of the National Board of Fire Underwriters for fire prevention measures (covering water supply, fire and salvage departments, storage of explosives, etc., etc.) in the different centers shall have a respectful hearing and, so far as practicable, shall be adopted and enforced. Too frequently an exhaustive report on conditions is treated by the municipal authorities with an indifference akin to contempt. The unwisdom of this attitude needs no comment here, and your Committee would urge that the incoming committee make a study of the Board of Fire Underwriters' reports, and, with the committees of local associations, insist that the fight in each municipality be made on the basis of bettering conditions, and that, too, not solely with a view to securing lower rates, for the latter will follow the former in natural course.

#### RATING BUREAU.

One more very definite service for which the local associations can effectively and immediately work is the improvement of the local rating bureau. Too frequently it happens that an honest attempt on the part of a business man to get suggestions for the improvement of his risk is met by the rating bureau in a manner to discourage all but the most indomitable. We realize that the effectiveness of these bureaus is largely a matter of personnel, but in many the apparent inefficiency or indifference of those in charge, to the improvement of conditions in special cases is sufficiently obvious to be made the subject of inquiry by the fire insurance companies who are responsible for the management of these bureaus.

If business men are insistent they will be given better equipped fire rating bureaus and such bureaus can readily become active forces for the improvement of conditions not only in individual factories and stores but for the whole municipality.

Your Committee thus far has been endeavoring to show that there is a definite work, of the highest value, for the local committees to do in conjunction with the National Committee.

#### PUBLICITY.

In the report to the convention of 1908 the fire insurance committee recommended that the committee of 1908-1909 give special attention to the preparation of printed matter pertaining to fire insurance with a view to arousing a proper interest among retail merchants in insurance matters, making it clear that they cannot afford to neglect their insurance, and further pointing out what matters should receive their special attention with a view to securing the full protection to which they are entitled under their contracts.

This task your Committee has endeavored to perform by issuing a series of leaflets—six in number—intended for distribution by the members of this association among their customers.

In preparing these leaflets one of the first considerations was to have the reading matter as simple as possible, avoiding dry detail, the aim being to point the way to correct principles and arouse a general interest in their adoption. The subjects treated under the title, "Burning Subject," are:

1. Necessity of insuring adequately.
2. Necessity of having insurance contracts strictly applicable to the conditions of the risk.
3. Necessity of dealing with strictly responsible insurance companies.
4. Elements that go to make up premium rates.
5. Protection against fire and the duty of all in reducing chances of conflagration.
6. Co-insurance and other special clauses.

The task was not without its difficulties and we are glad to be able to say that the leaflets seem to have met with general approval. Our hope is that the original object (namely, that these leaflets be taken by the members for distribution), be liberally carried out. There should be a demand for them running into tens of thousands of copies if our work is to have full effect.

It is gratifying to note the recognition which has been taken by the press of the association's efforts in behalf of better insurance conditions. Reference has been made far and wide by newspapers and trade papers to the leaflet plan and, in fact, the leaflets have, in many instances, been copied by the press East and West. The press is to be a great factor in this betterment work, and we urge the members to take advantage of the newspaper and trade paper columns in this agitation for insurance reforms.

#### RECOGNITION BY OTHER ASSOCIATIONS.

Recognition has also come to the association at the hands of the National Association of Insurance Commissioners, who at their last annual convention approved the suggestions of this association regarding a simplified form of policy, and again by the National Association of Local Fire Insurance Agents, who invited a member of the association to address their convention, held in August, 1908, at St. Paul. Mr. D. L. Sawyer was prevailed upon to represent the association and spoke on the subject, "Business Men and Fire Insurance Agents." His address was published in the September, 1908, BULLETIN.

As before intimated in this report, your Committee is convinced that the time is now ripe for the National Association of Credit Men to ally itself as an active member with the National Fire Protection Association, the engineering organization of the insurance world in which lies much of the hope of developing the science and improving the methods of fire prevention and protection. The active membership of the National Fire Protection Association consists of insurance boards and national institutes, societies and associations interested for any reason in the protection of property against fire, the annual dues for such active membership being \$15.00. After taking this membership our members can then join directly for \$5.00 each per year and receive data on the subject direct. To be in touch with this organization will greatly help the incoming fire insurance committee. The highest business interests of the country are being served by any organization which aims to reduce fire waste.

FINALLY.

In order to give definiteness to the work of this association in the line of bettering fire prevention and insurance conditions, your Committee offers the following resolutions:

*"Resolved, That the officers and directors of this association make every effort during the ensuing year to effect the appointment by each of its affiliated branches of an active standing fire prevention committee."*

*"Resolved, That the association during the ensuing year draft a model state fire marshal law, and by co-operation with its affiliated branches have the same adopted to the constitution and laws of the several states, and that every effort be made in conjunction with other associations working toward the same end to get this law passed and carried into faithful, intelligent and thorough enforcement in the several states."*

*"Resolved, That this association shall use its best endeavors, to the end that the reports of the engineers of the National Board of Fire Underwriters upon cities in which the association has local branches, shall be given a respectful hearing by the proper authorities, and that the recommendations so made shall, as far as possible, be carried into practical effect."*

*"Resolved, That the association shall make a general demand for more efficient fire rating bureaus in the various municipalities throughout the country, in order that they may become an element in instituting more effective fire preventive and protection measures in their respective districts."*

*"Resolved, That the National Association of Credit Men shall make application for membership in the National Fire Protection Association, and thus affiliate itself with and assist in the support of an organization whose aim is to promote the science and improve the methods of fire prevention and protection."*

*"Resolved, That the incoming fire insurance committee shall make every effort to effect a wide distribution of the association's leaflets on fire protection and insurance as a means of attracting proper attention on the part of the business men of the country to their individual responsibility in matters appertaining to these subjects."*

Respectfully submitted,

H. W. COFFIN,

FRANK T. DAY,

MAX MAYER,

HERMAN FLATAU,

POWELL EVANS, *Chairman.*

Resolution offered by the Cleveland Association of Credit Men:

*"WHEREAS, There is not a general distribution of facts relating to fire insurance companies; and*

*"WHEREAS, Certain states require filing of statistics making it possible to secure reliable information; therefore, be it*

*"Resolved, That the association be requested to provide for distribution to the membership without charge, annual charts or tables including the following features:*

- (1) Companies retiring from business during year.*
- (2) Companies organized during year.*
- (3) States having special legislation and character of same.*
- (4) Summary of indemnity offered and business done by the companies for a period of years, also any other data of interest and value."*



President Gettys—The report of the Committee on Fire Insurance has been received. The secretary will read the first resolution.

*"Resolved, That the officers and directors of this association make every effort during the ensuing year to effect the appointment by each of its affiliated branches of an active standing fire prevention committee."*

Mr. Charles Holden, of Grand Rapids, moved the adoption of the resolution, seconded by Mr. E. H. Dyer, of St. Louis.

Mr. George W. Ryan, Pittsburgh—I do not think this resolution should be adopted, if it carries with it the changing of the name of the committee. The committee should not stop with the mere presentation of matters pertaining to the curtailing of fire losses or fire prevention. I think the duty of this committee is not only to see to that end of the business, but also to go further, and to assist each member in reading his policy. We must remember that insurance policies are contracts, they are not certified checks, and if the committee's duties were simply confined to fire prevention, we would fall short by 50 per cent. in our duties. I am speaking as a member of the Pittsburgh association insurance committee; we not only go into the fire prevention subject, but we also help our member in reading and understanding their policies technically. I therefore hope that the name of the committee will be continued as the Fire Insurance Committee.

President Gettys—The chair will state for the benefit of the gentleman that any change in the name of this committee can only be brought about by constitutional amendment.

Resolution unanimously adopted.

*"Resolved, That the association during the ensuing year draft a model state fire marshal law, and by co-operation with its affiliated branches have the same adapted to the constitution and laws of the several states, and that every effort be made in conjunction with other associations working toward the same end to get this law passed and carried into faithful, intelligent and thorough enforcement in the several states."*

Mr. Charles Holden, of Grand Rapids, moved, and Mr. George W. Ryan seconded the motion to adopt the resolution.

Unanimously carried.

*"Resolved, That this association shall use its best endeavors, to the end that the reports of the engineers of the National Board of Fire Underwriters upon cities in which the association has local branches, shall be given a respectful hearing by proper authorities, and that the recommendations so made shall, as far as possible, be carried into practical effect."*

Mr. Holden, of Grand Rapids, moved the adoption of the resolution.

Seconded and adopted by unanimous vote.

*"Resolved, That the association shall make a general demand for more efficient fire rating bureaus in the various municipalities throughout the country, in order that they may become an element in instituting more effective fire preventive and protection measures in their respective districts."*

Mr. Kentnor moved and Mr. Holden seconded the motion to adopt the resolution.

Unanimously adopted.

*"Resolved, That the National Association of Credit Men shall make application for membership in the National Fire Protection Association, and thus affiliate itself with and assist in the support of an organization whose aim is to promote the science and improve the methods of fire prevention and protection."*

Mr. Holden, of Grand Rapids, moved the adoption of the resolution. Seconded by Mr. W. S. Hughes, of Minneapolis.

Mr. A. H. Foote, St. Louis—I wish to offer this as an amendment, that these words be inserted: "and recommends that each local association apply for membership therein for the purpose of keeping its local chairman and committee on fire insurance in closer touch with the subject and thus affiliate itself and its branches with and assist in the support of an organization whose aim is to promote the science and improve the methods of fire prevention and protection."

Seconded and carried.

Resolution as amended unanimously adopted.

The resolution as amended and adopted being as follows:

*"Resolved, That the National Association of Credit Men shall make application for membership in the National Fire Protection Association, and recommend that each local association apply for membership therein, for the purpose of keeping its local chairman and committee on fire insurance in closer touch with the subject and thus affiliate itself and its branches with and assist in the support of an organization whose aim is to promote the science and improve the methods of fire prevention and protection."*

*"Resolved, That the incoming fire insurance committee shall make every effort to effect a wide distribution of the association's leaflets on fire protection and insurance as a means of attracting proper attention on the part of the business men of the country to their individual responsibility in matters appertaining to these subjects."*

Mr. Charles Holden, of Grand Rapids, moved the adoption of the resolution.

Seconded and unanimously adopted.

Secretary Meek—The next resolution is offered by the Cleveland association and reads as follows:

*"WHEREAS, There is not a general distribution of facts relating to fire insurance companies; and*

*"WHEREAS, Certain states require filing of statistics making it possible to secure reliable information; therefore, be it*

*"Resolved, That the association be requested to provide for distribution to the membership without charge, annual charts or tables including the following features:*

- (1) Companies retiring from business during the year.
- (2) Companies organized during year.
- (3) States having special legislation and character of same.
- (4) Summary of indemnity offered and business done by the companies for a period of years, also any other data of interest and value."

Mr. J. H. Lempert, of Rochester, moved the adoption of the resolution.

Seconded and unanimously adopted.

President Gettys—Are there any other resolutions coming under the head of this committee? If not, we will pass to the report of the

Adjustment Bureau Committee. I regret that Mr. H. L. Eisen, of Milwaukee, the chairman of this committee, has been called home. I wish to say that his committee has studied the question faithfully. The president, the vice-president and the secretary on the part of the directors met in Milwaukee in November. There has been a sub-committee of the directors working in conjunction with Mr. Eisen, and the rules that his committee has drawn, we believe will mark a step in the right direction, at the same time recognizing the fact that they will be capable of further improvement as we go along. In the absence of the chairman of the committee, the report will be read by Mr. Arthur Parsons, a member of that committee.

Mr. Parsons presented the report as follows:

### **Report of the Adjustment Bureau Committee.**

*To the Officers and Members of the National Association of Credit Men.*

GENTLEMEN:

The Committee on Adjustment Bureaus, through its chairman, has made an especial effort during the past year to keep under observation so far as possible, the work of the several bureaus. Generally speaking, we can inform the convention that the bureaus have, for the greater part, been materially strengthened. Because of the excellence of their work, confidence in them has steadily increased. In those centers where the opportunities are greatest, they have forged ahead and are recognized as important factors in the business world. The records and statistics of cases, too voluminous to be set out here, speak eloquently of failures averted, losses minimized, and waste and expense reduced. And it is significant that the best results have been secured by those bureaus conducted strictly on a profit-for-existence basis, and with the closest possible adherence to our original ideals. Credit men have begun to appreciate that the bureaus are faithful and vigilant in their efforts to avoid court proceedings; to facilitate such proceedings when they are not to be avoided; to secure honest and capable receivers and trustees; to protest against excessive fees and wasteful expense; to demand speedy and inexpensive liquidations; in brief, to be ever on the alert in the interest of creditors. We have but to point to the adjustment departments established within the last year or two by various trade organizations, such, for example, as the millinery and clothiers' associations, to prove that the bureau idea is right both in principle and practice. The time has ceased when we have to justify their existence; now the credit man who still withholds his support is called upon to explain his doubt. Whereas, we were at one time forced to make our appeal for support on the strength of our moral convictions alone, we can now produce arguments based on things actually accomplished.

As indicated in the report of the committee at the last convention, defects in the system may develop, to overcome which constant vigilance is required, and at the threshold of this report, we caution the membership against the dangers of hasty and ill-advised criticism. Hostile criticism, which goes no further than ferreting out, exposing and magnifying those features of the work which are not yet to our entire satisfaction, is of little benefit, except as it furnishes those who are not in accord with us an effective weapon of attack. What we need and cordially invite, is criticism of a constructive character—criticism which

will help us to overcome difficulties and cure defects. We are confident that with proper support, the bureaus will solve many commercial difficulties; this opinion is concurred in very generally by credit men, and the bureaus are looked upon as having become permanent institutions. Consequently the National Association should take the necessary steps to put the bureaus in a strong position, so far as it is authorized and justified in concerning itself with them.

It will be recalled that at the last convention, the chairman of this committee expressed himself favorably (though not unequivocally so), on the question of appointing a national supervisor, and of adopting a plan of so-called national control. On the floor of the convention, some objections were made which the chairman had fully anticipated. After considering this question at length the convention adopted the following resolution:

*"Resolved, That the question of engaging some one to devote his time to adjustment bureau work be referred to the Board of Directors with power to act, and that if the Board of Directors act favorably the duties of the appointee shall be defined by said Board."*

The Board of Directors at its annual meeting after carefully considering the resolution, deemed it inexpedient to follow the suggestion that it embodied, and instead adopted the following:

*"WHEREAS, The National Association of Credit Men is, to a certain extent responsible for the acts of the adjustment bureaus of the different local associations; and*

*"WHEREAS, It exercises no control of the methods of operation of such bureaus; and*

*"WHEREAS, Confusion and dissatisfaction have arisen from such a condition and indications point to increased difficulty in this direction; therefore be it*

*"Resolved, That the Board of Directors of the National Association of Credit Men recommend to the next annual convention, at Philadelphia, that all adjustment bureaus must conform to uniform rules and regulations approved by the National Association of Credit Men before receiving its endorsement and recommendation."*

A special committee of directors was appointed to advise with the Adjustment Bureau Committee in the drafting of such rules, and at a meeting of the Committee with your chairman, a code of such rules was prepared for submission here. The rules are few and simple. They are designed to bring about uniformity of procedure, and to make it possible for the National Association to exercise some authority over the individual bureaus, in exchange for the prestige and influence that it lends them. The rules are made a part of this report. We are of the opinion that they will strike a happy medium of agreement between those who advocate full national control and those who oppose the too close identification of the National Association with a purely local form of activity.

In the past it has been customary for the managers of the bureaus to meet in annual conference, with the National Adjustment Bureau Committee. Last year the conference was dispensed with out of deference to the directors who were then deliberating upon the matters already referred to. We believe, however, that much good comes from such meetings and that they should be continued, and should include not only the managers, but also the chairmen or presidents of the various bureaus.

The suggestion has been made to your committee that the National Secretary be authorized to prepare and distribute a map (similar to the



one indicating the states having bulk sale laws) showing the location of the several bureaus. In our opinion a diagram of this kind would be materially helpful, and would serve as an excellent reminder. We therefore respectfully recommend that the association authorize both the calling of annual conferences of bureau managers, and the publication of a bureau map.

We are pleased to note the disappearance in a very large measure, of that antagonism to the bureaus, shown in the past by some commercial



*Chairman Adjustment Bureau Committee*

HARRY L. EISEN

Landauer & Company, Milwaukee, Wis.

lawyers. We have always felt that whatever opposition came from this source, sprang in no inconsiderable degree from a misunderstanding of the situation. The association has always recognized the necessity and utility of attorneys who have developed their skill in the field of commercial law and has steadfastly declined to do anything which could be construed as a mark of hostility. Our work is of such a nature that it is not at all inconsistent with the most cordial relations between ourselves and the members of the bar. What we have set out to do is not to eliminate the lawyers, but to eliminate certain notorious abuses, and the better

element of the legal profession has come to recognize this fact and has speedily divested itself of the distrust which it once held.

In conclusion we would once more make the request of the entire membership to rally to the support of the bureaus. This is not a stereotyped matter-of-course appeal, but one that is put to you in a sincere and earnest spirit. If credit men will show a greater disposition to assist the bureaus, by getting into closer touch with them, by placing claims against insolvents and bankrupts with them, by discouraging the promiscuous placing of claims with the first attorney asking for them, their loyalty will be amply rewarded with more promptly paid and larger dividends, fewer failures, and a more economical and efficient administration of such as do occur.

On the other hand the bureaus must so conduct their affairs that the credit man will understand that it is to his interest to entrust his adjustments to them. Every manager and bureau committee should do the utmost to protect his bureau from all suspicion of incompetence and unfairness. The greatest care should be observed in conforming to the standards of the association, and in doing nothing which will sully its principles. Given these elements, the bureaus will steadily enhance their value and destroy all opposition. The National Association of Credit Men is founded upon principles of common interest and mutual loyalty. We trust that the coming year will show a logical and hearty development of those principles in the extension of the adjustment bureaus, which in themselves are the very essence of these principles.

#### PROPOSED RULES FOR THE ESTABLISHMENT OF A UNIFORM SYSTEM GOVERNING ADJUSTMENT BUREAUS.

##### RULE 1.

The term Adjustment Bureau shall be construed as applying to those bureaus organized and operated by the members of affiliated branches of the National Association of Credit Men for the purpose of adjusting or investigating the affairs of solvent or insolvent estates either through assignment, liquidation, trusteeship, compromise, extension or bankruptcy.

##### RULE 2.

So far as possible bureaus shall act through the local associations known as affiliated branches. Where this is impossible creditors are then to be addressed direct.

##### RULE 3.

The claims of home creditors may be assembled in such manner as best suits the convenience of the bureau in charge.

##### RULE 4.

Creditors located outside of association cities must be communicated with direct.

##### RULE 5.

Adjustment bureaus must furnish as soon as practicable to each local association in cities where creditors are known to exist, a full statement of facts in each case including a list of creditors, upon receipt of which each of such local associations shall at once take the necessary steps to carry out the purposes and objects for which the adjustment bureaus are founded.

#### RULE 6.

The claims of creditors in association cities must be assembled in the following manner: The bureau in charge when undertaking an adjustment shall notify each creditor direct and at the same time request that he retain the control of his claim until he has conferred with the local association in his city, which will be in possession of a full statement of the case or forward it direct to the bureau in charge.

#### RULE 7.

Differences arising between bureaus or associations over the handling of adjustment cases shall be submitted in writing by each side or jointly to the Adjustment Bureau Committee of the National Association whose decision shall be final.

#### RULE 8.

Creditors shall be charged for services according to the schedule of charges adopted by the operating bureau. Adjustment bureaus must file as soon as possible a copy of such schedule with each association. The operating bureau shall pay to the intermediary association for each claim secured either from such association or through its efforts, a fee to be agreed upon between them.

#### RULE 9.

Each bureau shall keep a complete record of each adjustment, reporting it when closed to the national office on a blank provided for that purpose by the National Association.

#### RULE 10.

The executive officers of every affiliated branch operating an adjustment bureau, must demand an annual accounting from its Adjustment Bureau Committee or Manager with a detailed report of cases handled. A copy of said annual accounting and report must be forwarded to the Secretary-Treasurer of the National Association.

#### RULE 11.

The foregoing rules shall become operative as soon as adopted by the National Association of Credit Men, and may be altered, amended or added to, by the Board of Directors when deemed necessary or expedient.

Respectfully submitted,

C. S. DICKEY,  
JOHN J. HENNESSEY,  
ARTHUR PARSONS,  
WILLIAM L. FOX,  
HARRY L. EISEN, *Chairman.*

Your committee offers the following resolution:

"WHEREAS, It is fitting and expedient that the National Association of Credit Men shall exercise control over the adjustment bureaus to the extent of establishing a code of rules for their government, to the end that the business of such bureaus shall be conducted in a uniform and efficient manner; therefore be it

"Resolved, That the rules herewith proposed be adopted for the government and control of the adjustment bureaus of the affiliated branches of the National Association of Credit Men."

President Gettys—The report of the Adjustment Bureau Committee has been received. What is the pleasure of the convention?

Mr. O. G. Fessenden, New York—I move that the rules be taken up separately.

Motion seconded and unanimously carried.

Secretary Meek—The first rule proposed is as follows:

#### RULE I.

The term Adjustment Bureau shall be construed as applying to those bureaus organized and operated by the members of affiliated branches of the National Association of Credit Men for the purpose of adjusting or investigating the affairs of solvent estates either through assignment, liquidation, trusteeship, compromise, extension or bankruptcy.

Mr. Oscar Loeffler, of Milwaukee, moved the adoption of the rule. Seconded.

Mr. Clarence Braden, Louisville—This may not cover all the causes which may seem to call for the work of the bureau. So that I move there be added, "or other reasons considered by the bureau as sufficient to cause the taking up of the work."

President Gettys—Will you please reduce that to writing and hand it to the secretary.

Mr. Braden—Have it read, "Or other conditions which the bureau deems sufficient."

Amendment seconded by Mr. James A. Dick, of El Paso.

Mr. J. H. Lempert, Rochester—I would like to ask the gentleman who offered the amendment what his idea is?

Mr. Braden—Some of the bureaus are engaged in collecting accounts. This might not be covered in the rule just read. If I have an account to collect and I want to turn it over to the bureau, Rule I might prevent my doing so, and I want the privilege of engaging the bureau for that work.

Mr. Ira D. Kingsbury, Rochester—I move that the motion to amend be laid on the table.

Motion seconded and carried.

Mr. W. A. Given, Pittsburgh—As there seems to be doubt in the minds of some persons as to what is the meaning of the word "Adjustment," some persons understanding that when you go to collect an account, it means an adjustment, I move that there be included in the rule a definition of the term "adjustment," so that it shall refer to the treatment of all the debts of the party whose affairs are to be adjusted.

(No second.)

Mr. George W. Curtis, Fort Worth—It occurs to me that this matter can be simplified quite a little by the elimination of the last two lines, stopping with a period after the word "estate." It seems to me that the rest of it is entirely immaterial, and I offer that as an amendment.

Seconded.

Mr. W. S. Hughes, Minneapolis—My idea is that that is an attempt to accomplish the same purpose which was attempted in the amendment we just rejected, and I move that that amendment be laid on the table.

Seconded.

Rising vote taken.

President Gettys—The vote to table is 75 and not to table 102.



The question before you is on Rule 1 as amended.

Mr. Arthur Parsons, Salt Lake City—It has been suggested that we might possibly save a great deal of time in the discussion of these various rules, if we proceeded first to consider the resolution offered at the end of the report. Our attitude toward the resolution at the end of the report would determine whether it is the sense of this convention that the National Association take control of these adjustment bureaus or not. If the sense of the convention were against that proposition we are simply wasting time in discussing these rules.

President Gettys—The resolution referred to, as the chair reads it, is that the National Association shall exercise control over the adjustment bureaus to the extent of establishing a code of rules for their government.

Mr. F. R. Salisbury, Minneapolis—I should like to be heard on this matter.

President Gettys—Mr. Salisbury was the chairman of the subcommittee from the Board of Directors.

Mr. Salisbury—The last resolution referred to by Mr. Parsons is, "Resolved that the rules herewith proposed be adopted for the government and control of the adjustment bureaus of the affiliated branches of the National Association of Credit Men."

If that resolution passes this convention, it will mean that the association has put itself on record as in favor of the adoption of rules for the government of adjustment bureaus and I wish to support the resolution.

President Gettys—The resolution is in order.

Mr. O. G. Fessenden, New York—I beg to differ, as I understand it, a resolution was adopted by this convention that the rules be taken up separately, and until that is reconsidered, the matter before the house is on each separate rule, and we cannot go to the adoption of this resolution until the former vote is reconsidered.

President Gettys—The point is raised whether or not the convention desires to adopt any rules at all. Do you still take issue with the chair on that?

Mr. Fessenden—I am sorry to say that I do. The resolution adopted by this convention was that the rules be taken up separately, and we are now operating under that resolution, and if the gentleman's motion is in order that we take up the resolution adopting the rules, it cuts out debate on each rule, and limits the debate to the rules in general.

President Gettys—The chair is of the opinion that it would be proper for this convention to state whether or not it desires to proceed to adopt certain rules for the government of these bureaus; and the chair decides that Mr. Salisbury's motion is in order.

Mr. F. W. Risque, St. Louis—As I read the last resolution, if we adopt it, we commit ourselves to the adoption of these rules as stated. If you will read the resolution you will note that it says, "the rules proposed to be adopted." If there is a new resolution offered that it is the sense of this meeting to adopt the rules, that is different.

President Gettys—The chair reverses its ruling.

Mr. D. S. Ludlum, Philadelphia—I believe the amendment to Rule 1 is before the convention.

President Gettys—It is.

Mr. Ludlum—We cannot embody in one rule all the regulations of adjustment work, and I can see no injury that can come to the

adjustment bureau work in adopting Rule 1, and stopping at the word "estate."

Mr. George W. Curtis, Fort Worth—I wish to say to the gentleman from Minneapolis that to my mind he misunderstands entirely the purpose of the amendment. Personally I very much desire that the National Association shall assume and retain control as far as practicable, of the workings of the local adjustment bureaus, but we in the local associations know it is impracticable to carry the control too far. I made the amendment to simplify the matter.

Amendment carried.

President Gettys—The question is on Rule 1 as amended.

Mr. J. W. Spangler, Seattle—I move to amend Rule 1, by striking out the words "organized and," as some of the associations have adjustment bureaus that were organized by those who were not credit men.

Seconded by Mr. F. W. Risque, of St. Louis.

Mr. Risque—The point I make is this: I maintain that every adjustment bureau of this association should be managed by an employee of that adjustment bureau, and not run by a firm of attorneys. (Applause.) I claim that if we are acting as credit men, that this should be strictly association work. I had occasion to send a claim to an adjustment bureau and was answered by the manager, who was a member of a firm of attorneys, that he could not accept our claim, as the debtor was his client. (Applause.)

Mr. R. E. Bramlett, Dallas—I would like to move an amendment to the amendment by striking out the word "and" between "organized" and "operated," and to insert the word "or" in its place, so that it will read: "The term adjustment bureau shall be construed as applying to those bureaus organized or operated by members of affiliated branches, etc."

Motion seconded and unanimously carried.

President Gettys—The question is on the rule as amended.

Motion made, seconded and unanimously carried adopting the rule as amended.

The rule as amended reads as follows:

#### RULE 1.

The term Adjustment Bureau shall be construed as applying to those bureaus organized or operated by the members of affiliated branches of the National Association of Credit Men for the purpose of adjusting or investigating the affairs of solvent or insolvent estates.

Mr. S. B. Lynd, Louisville—Would a motion be now in order to consider the last resolution of the document before us in the amended form?

President Gettys—It would not be in order.

Secretary Meek—Rule 2 is as follows:

#### RULE 2.

So far as possible bureaus shall act through the local associations known as affiliated branches. Where this is impossible creditors are then to be addressed direct.

Mr. Oscar Loeffler, of Milwaukee, moved the adoption of this rule. Seconded by Mr. J. H. Lempert, of Rochester.

Unanimously adopted.

### RULE 3.

The claims of home creditors may be assembled in such manner as best suits the convenience of the bureau in charge.

Mr. Loeffler moved the adoption of the rule and Mr. Lempert seconded the motion.

Unanimously adopted.

### RULE 4.

Creditors located outside of association cities must be communicated with direct.

Mr. S. D. Buck, of Baltimore, moved the adoption of the rule and Mr. A. Landauer, of Milwaukee, seconded the motion.

Unanimously adopted.

### RULE 5.

Adjustment bureaus must furnish as soon as practicable to each local association in cities where creditors are known to exist, a full statement of facts in each case, including a list of creditors, upon receipt of which each of such local associations shall at once take the necessary steps to carry out the purposes and objects for which the adjustment bureaus are founded.

Mr. Loeffler—I move the adoption of the rule.

Seconded.

Mr. D. S. Ludlum, Philadelphia—I move to amend by adding after the word "founded," that a copy of such report be mailed to the National Association of Credit Men's office.

Unanimously carried.

President Gettys—The question is on Rule 5 as amended.

Motion made, seconded and unanimously carried, adopting the rule as amended.

As amended it reads as follows:

### RULE 5.

Adjustment bureaus must furnish as soon as practicable to each local association in cities where creditors are known to exist, a full statement of facts in each case including a list of creditors, upon receipt of which each of such local associations shall at once take the necessary steps to carry out the purposes and objects for which the adjustment bureaus are founded, and a copy of such report shall be mailed to the office of the National Association of Credit Men.

President Gettys—Will Mr. Ludlum explain the object of his amendment?

Mr. Ludlum—We are going to work out national control of adjustment bureaus, and it is well for the National office therefore to have the facts before it in each case.

Mr. W. W. Wallis, of Milwaukee—I think that is covered by Rule 9.

### RULE 6.

The claims of creditors in association cities must be assembled in the following manner: The bureau in charge when undertaking an adjustment shall notify each creditor direct and at the same time request that he retain the control of his claim until he has conferred with the local association in his city, which will be in possession of a full statement of the case or forward it direct to the bureau in charge.

Mr. George W. Curtis, Fort Worth—I would like in one sense to move the entire elision of that rule. I do not know, however, that that is the best way. I make the suggestion for the reason that I think there is something radically wrong with it, but I do not know how to strengthen it.

Mr. J. B. Campbell, Spokane—I move that Rule 6 be eliminated for the reason given by the gentleman who last spoke. Each local bureau has its force of clerks, and each has a certain way of doing things which it thinks is a good way.

Mr. E. H. Dyer, St. Louis—I move the adoption of Rule 6.

Seconded by Mr. J. H. Lempert, of Rochester.

Mr. Campbell—Each local association has its force—that force is trained in a certain way. Another thing: It is absolutely impossible to assemble claims twice in the same manner. I have been requested many times to send notices by means of circular letters, but we do not use circular letters of any kind in our office. Each letter is written as the case demands; and I believe that each case has its own solution, and that this matter should be left to the local association entirely.

Mr. David S. Ludlum, Philadelphia—I sincerely hope that this rule will not be eliminated. I think it is a very wise rule. It states that the bureau in charge when undertaking an adjustment shall notify each creditor direct. I think it is very important that they be notified direct.

We may go around and get after the claims in various other ways, but I feel that every adjustment bureau should send a notice direct to the creditor. Even if he has already placed his claim elsewhere he has an opportunity to know and should have an opportunity to know immediately about the insolvency or the fact that the adjustment bureau is interested. I think he is entitled to that information.

Mr. J. D. Armstrong, Baltimore—How are you going to get the names of the creditors without advertising for them.

Mr. Ludlum—We are only discussing possibilities. If we do not know we cannot send notices.

Mr. Armstrong—But you say "shall" send them.

Mr. Ludlum—There is no rule in the world that can cover an impossibility.

Mr. Armstrong—Then you ought to change the word "shall."

Mr. Walter Wright, Salt Lake City—In considering this rule, there is one point I want to call attention to. We have heard a great deal about commercialism here to-day, and the putting of too much commercialism into this association, and I want to tell you one of the objections that Salt Lake City has to this rule—and in speaking of this let me say first of all that it will not affect the western associations—I think that nearly all of the associations in the West are so organized that in cases of failure our members must file their claims with the bureaus; but when it comes to settling claims in the East, if I write to-day to some creditor and say that John Jones has failed, you can get the facts from your bureau, and then write and give more information; then I give the creditor an undue advantage. It has brought a great deal of criticism on our office, and if we are going to give out any facts at all, we might just as well give all the facts to anybody.

Mr. James A. Dick, El Paso—I think that we are divesting the local association of too much authority. We should be careful about ham-



pering the poor devils in the high and dry country. I received a telegram some time ago, "Debtor insolvent." I took the train 200 miles and on arrival found a freight car on the track being loaded. The county seat was several hundred miles away; no attorney was in town and no justice, and I had to get some claims by wire. It seems to me if we have to report all of these and get all the claims from adjustment bureaus in these local towns, we are hampering the adjustment bureau a great deal, and I think we ought to leave a wide scope for the adjustment bureaus to handle the matters as they see best in their different localities.

Mr. F. R. Salisbury, Minneapolis—I do not believe the committee wants to see the local bureaus hampered in any way. They can give the creditor all the information they please. If it is not necessary they will not do it. "At the same time request that he retain the control of his claim until he has conferred with the local association in his city, which will be in possession of a full statement of the case." It was desired to get the attention of the creditor immediately to the adjustment, and also to place the local adjustment bureau in possession of all the facts. It is possible, as has been said, that all the creditors cannot be reached immediately. The list of creditors at first is not always complete, but it does not seem that this is going to interfere in any way with the operation of the different bureaus along the lines they have been following. This rule does not preclude notifying creditors by wire if thought desirable. These rules were all drawn with an idea of their being elastic, and the adoption of this rule will work no hardship.

Mr. George W. Curtis, Fort Worth—I assume that the object of that rule is that each creditor shall be notified; that that is the main object of the rule if not it is worthless. I therefore move to amend Rule 6 so that it will read as follows, following the preliminary sentence: "The bureau in charge when undertaking an adjustment shall notify each known creditor direct and at the same time request that he confer with his local association, if he has one, or forward his claim to the bureau in charge."

Seconded.

Mr. R. E. Bramlett, Dallas—It should be, "confer with the local association's local bureau."

Mr. S. G. Rosson, Baltimore—It seems to me that we are omitting in this amendment the most salient feature in this resolution, the request that the control of the claim be retained until the creditor has an opportunity to see what the adjustment bureau has to put before him. That is an experience we frequently meet. Claims are immediately sought by collection agencies and attorneys, and are placed hastily, and we find that there is such a distribution that it is very hard for the bureau to get claims. Even though a creditor instructs an attorney to act with the bureau his wishes are not carried out. I hope that the amendment will not carry.

Mr. C. L. Williamson, Lexington—One point has not been called to our attention, and that is the requirement that the bureau shall notify each creditor direct. There are occasions when this is very objectionable. For instance, sometimes it happens that there are creditors in a particular locality who do not co-operate with their local bureau. If we notify such creditors direct along with others their claims instead of being held are immediately turned over to one or more lawyers in that city, and in that way the adjustment interfered with, and it seems to me there ought to be some means for the local association to

judge on that point. I have in mind a case illustrating that point. There is a collection agency in a city from which we get claims direct, and there is one firm that never will give any business to an adjustment bureau that co-operates with that collection agency. Now if we send that creditor notices of an adjustment and he turns his claim over to the collection bureau he defeats the very object which we seek.

Mr. J. B. Campbell, Spokane—I still believe that it is not proper to adopt Rule 6. If you will pardon me for speaking of the West—in the West the associations are so closely affiliated that we have an absolute rule among ourselves that in case of a failure occurring in an association city we do not notify the creditors direct, but we notify Mr. Smith of San Francisco, Mr. Jones of Seattle, etc., and give them the full facts, together with the list of the creditors in their locality. This helps very materially in getting claims in quickly and I tell you it is wrong to say that the local association shall do thus and so, because it will hinder the work instead of aiding it, and I hope that this rule will not be adopted.

Mr. William F. Baumeister, Louisville—I heartily endorse the ideas expressed by Mr. Williamson. I have had the same experience, and I am certain that to invoke each known creditor would be dangerous to the bureau handling the claim or trying to get a majority of claims. Now there are certain people in our town whom we would not dare to notify for the reason that they would simply take our information, place it before their attorney and use it to whip us with. For that very reason I hope you will not demand that we notify each and every known creditor, because sometimes it is not policy to do it.

Mr. David S. Ludlum, Philadelphia—I sincerely hope that the resolution will go through as amended. I think if we as a national association are going to adopt some rule that is going to give some information to one man and not to another, we are doing a dangerous thing. We must treat every man alike, and we should positively send the information to each creditor direct. We will gain strength by it. While one man may feel to-day that the giving out of such information would be dangerous, we will get such a number of claims that the situation will be entirely changed.

Mr. Max Silberberg, Cincinnati—Men differ in their opinions but in my opinion this is one of the most important rules of all those presented for the very reason that the most effective way for our adjustment bureaus to do good work is to centralize the claims. When that is done the bureaus come before the courts and before the creditors, with authority and say, "Here we are representing 80 per cent. of the indebtedness; we desire recognition." By adopting this resolution you secure the desired effect; and I hope that resolution will pass without amendment.

Mr. Ira D. Kingsbury, Rochester—That any one can say that some men in our association will not co-operate in making a success of so important a department as the adjustment bureau should be cause for real regrets. The fundamental principle of this association is co-operation, and I hope that we will not vote this rule down for it involves an extension of that principle. If we are interested in a failure, each and every creditor, whether he is a member of this association or not, ought to be notified. If some interested creditor is not a member of the association he is likely to become a member when he sees the spirit of co-operation existing among us and how we are trying to help everybody.

Mr. George W. Ryan, Pittsburgh—When you invite a man out to

lunch you do not tell him not to eat his baked beans with a spoon; if you hire a bookkeeper you do not tell him how to hold his pen; you give them the credit of having enough common sense to get there and they do get there. I think the entire Rule 6 is entirely unnecessary. We cannot go into the technical points which control any adjustment bureau. We ought to give each adjustment bureau the credit of having enough common sense to make their own rules with regard to who shall be notified and how the cases shall be handled.

Regarding the matter of co-operation, I think the gentleman from Rochester misunderstands the real situation. The lack of co-operation is not from parties who are members, but from those who are outside of the membership, and I am in favor of eliminating the entire Rule 6.

Mr. F. H. McDow, Chicago—In passing these rules we should keep in mind the unity which the committee in charge sought to attain. We should take Rule 6, which we are now considering, thinking of it in connection with Rules 3 and 4. The previous rule provides for getting home claims, but we must take into consideration that in nearly all cases claims from other cities must be had. If we strike out Rule 6 we leave that part out of the program. The main objection to this rule seems to be that it is too rigid, but I think that in operation the whole system is going to have elasticity. The "shall" in the rule may be changed to "may," if thought necessary, but we should have a plan clearly set out for getting the claims from the other association cities, and should not strike out the rule altogether.

Mr. F. H. Randel, Cleveland—This adjustment bureau work of the association is in its infancy. It involves a campaign of education as well as a campaign of co-operation. In reference to what is said about giving information concerning failure to individuals, I should say if it is known that to give this information to certain parties is to hinder seriously the operation of the bureau in that particular case, don't give it to such parties. (Applause.) Nevertheless, inasmuch as we are working in a campaign of education, creditors will soon find out that the bureau presents the best available plan and they are going to give way and fall in with it. (Applause.)

Mr. J. H. Kentnor, St. Louis—It strikes me that we are getting a great distance away from our subject, and are probably overlooking the fact that when we try to adjust an account the intention is not to put a man out of business. One of our friends from Baltimore suggested that we might have a small claim against one firm, and in notifying every creditor the danger is that they will swoop down and close him up. I will cite a case that I participated in several weeks ago. I had a customer in Texas very much in arrears; he owed a number of bills in St. Louis; it was made known to our secretary that this party was behind. He conferred with the Fort Worth association. They sent a man to see the customer, and the result was that within a matter of twenty-four hours our claim had been adjusted, our account collected and the party continued in business. Now, had we notified everybody who had a claim against that man his doors would have been closed up, and there would have been nothing to do but take a 40 to 50 per cent. settlement. I think we can modify Rule 6 slightly by making a change in the third line so that the adjustment bureau shall notify each creditor except in the case of houses known invariably to refuse to place their claims with the bureaus, and I offer that as an amendment.

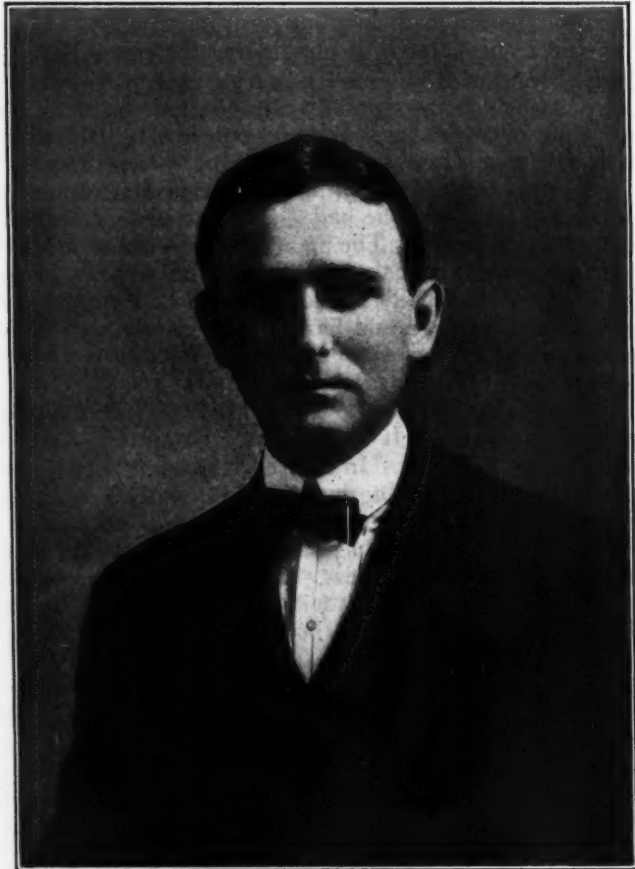
Seconded.

President Gettys—The question on the amendment to the amendment is before you. What is the amendment again?

Mr. Kentnor—The suggestion is that after the word "each" we read "except in the case of those who are known invariably to refuse to place their accounts with the bureau."

Mr. S. B. Lynd, Louisville—Will the gentleman accept this as an amendment—after the word "shall" in the third line, read "so far as possible or desirable."

Mr. Kentnor—The amendment is accepted.



*Director*

DAVID S. LUDLUM

The Autocar Company, Ardmore, Pa.

President Gettys—The question is on the amendment offered by Mr. Kentnor.

Mr. Ludlum—I move that the amendment be tabled.

President Gettys—That would dispose of the whole matter. If an amendment be ordered to lie on the table the subjects which it is proposed to amend go there with it.

Seconded and carried.

Mr. S. G. Rosson, Baltimore—I voted for the tabling of that



amendment, and I now move a reconsideration of the original Rule 6. I move that the subject be taken from the table.

Seconded by Mr. O. G. Fessenden, of New York.

President Gettys—The motion brings up Rule 6 in its original form, and it is now before you for consideration. Permit the chair to make a suggestion, that in discussing this question we cannot hope to meet the views of every adjustment office, but strive to attain fair ground to stand on.

Mr. George Guckenberger, Cincinnati—This association is on record as favoring the bankruptcy law. Let us be honest and carry out what we asked for. How can any fair-minded man come here and suggest to this convention that we do not notify each creditor? I hope that Rule 6 as mapped out, will be the policy of this association. With all due deference to the single individual associations, let this association adopt a broad policy. (Great applause.) I move the adoption of Rule 6 as originally proposed.

Seconded and unanimously adopted.

Secretary Meek—Rule 7 as proposed is as follows:

#### RULE 7.

Differences arising between bureaus or associations over the handling of adjustment cases shall be submitted in writing by each side or jointly to the Adjustment Bureau Committee of the National Association whose decision shall be final.

Mr. Oscar Loeffler, of Milwaukee, moved the adoption of the rule, and Mr. E. H. Dyer, of St. Louis, seconded the motion.

Unanimously adopted.

Secretary Meek—Rule 8 as proposed is as follows:

#### RULE 8.

Creditors shall be charged for services according to the schedule of charges adopted by the operating bureau. Adjustment bureaus must file as soon as possible a copy of such schedule with each association. The operating bureau shall pay to the intermediary association for each claim secured either from such association or through its efforts, a fee to be agreed upon between them.

Mr. F. R. Salisbury, of Minneapolis, moved the adoption of rules 8, 9 and 10 together.

President Gettys—The convention has already voted to adopt the rules separately, and the motion is, therefore, out of order.

Mr. Oscar Loeffler, of Milwaukee, moved the adoption of Rule 8, and Mr. J. H. Lempert, of Rochester, seconded the motion.

Unanimously adopted.

Secretary Meek—Rule 9 is as follows:

#### RULE 9.

Each bureau shall keep a complete record of each adjustment, reporting it when closed to the National office on a blank provided for that purpose by the National Association.

Mr. O. G. Fessenden, of New York, moved the adoption of the rule, Mr. Lempert seconded the motion.

Unanimously adopted.

Secretary Meek—Rule 10 is as follows:

#### RULE 10.

The executive officers of every affiliated branch operating an adjustment bureau must demand an annual accounting from its adjustment bureau committee or manager with a detailed report of cases handled. A copy of said annual accounting and report must be forwarded to the secretary-treasurer of the National Association.

Mr. Joyce moved the adoption of the report.

Seconded and unanimously adopted.

Secretary Meek—Rule 11 is as follows:

#### RULE 11.

The foregoing rules shall become operative as soon as adopted by the National Association of Credit Men, and may be altered, amended or added to, by the Board of Directors when deemed necessary or expedient.

Mr. Loeffler, of Milwaukee, moved the adoption of the report.  
Seconded.

Mr. H. M. Battin, Milwaukee—In order to pacify some of these gentlemen who objected to Rule 6, permit me to call attention to the fact that we should have sufficient confidence in the officers of the National Association to believe that any objectionable matters arising in special cases will be handled by them with tact and judgment.

Mr. M. E. Bannin, New York—I move that all the words be stricken out after the words "National Association of Credit Men," in the second line. I think this matter of adjustment is a very important one. We are treading on unexplored ground, and I think that the matter that comes up in this connection should be a matter of discussion before the general assembly. Therefore, I move to strike out all that part of the rule after the words "Credit Men" on the second line.

Seconded by Mr. Fessenden.

Mr. George W. Curtis, Fort Worth—I hope the amendment will not carry.

Mr. F. W. Risque, St. Louis—I believe that is a dangerous thing.

Mr. F. B. Haring, Buffalo—There seems to be a sentiment here that there ought to be a little elasticity in these rules. That thought has been expressed time and time again. In the few words which the proposed amendment would eliminate you give to all the rules just that feature. Some of you here have expressed the idea that the bureaus cannot operate under some of the rules as they have been passed. Then if necessary let us vest in the board the authority to alter the rules as seems advantageous. If you leave matters without provision for their amendment by the board it will mean a year's delay. I do not see how you can disregard all the rules laid down here and go on and do as you have a mind to because, if these rules are to stand without any elasticity and with nobody authorized to change them at all, you must obey them until changed by the association which meets the following year. This might be serious and I hope this amendment will not prevail.

Lost.

Mr. S. B. Lynd, Louisville—I want to offer as an amendment to Rule 11 these words at the end: "Subject to the approval of the next National convention."

No second.

Mr. Max Silberberg, Cincinnati—I wish to state that you have voted upon the rule, not upon the amendment that Mr. Bannin has offered.

Voices: No, no.

President Gettys—The chair is of the opinion that that is not the case. The question is on Rule 11.

Rule 11 is unanimously adopted.

President Gettys—It is now in order to accept the rules jointly and severally as amended.

Motion so made, seconded and carried, unanimously.

Mr. O. G. Fessenden, New York—All through this discussion I have not heard a word about the individual members of the National Association, that is, those who are not affiliated with any local association, either because they reside in a town where there is no local association, or are too far away from a center in which a local association have headquarters. Now, it seems to me with 1,200 individual members, being 10 per cent. of our membership, that a little consideration ought to be shown them. They not only ought to be taken care of on the board of directors, but in adjustment bureau work, and with that in view I offer the following resolution:

*"Resolved, That the board of directors are hereby requested and authorized to take up with those individual members, who are not members of a local association, the matter of creating an adjustment bureau to be operated through the National Association for the benefit of and at the expense of such individual members as become members of such bureau."*

Seconded by Mr. David S. Ludlum, of Philadelphia.

Mr. Oscar Loeffler, Milwaukee—I am opposed to the resolution as I believe that the individual members can be well taken care of by the nearest local bureau.

Mr. Fessenden—At a meeting of the individual members present at this convention held yesterday and to-day this matter was discussed. The question was asked by many members present why so little attention was given to the individual membership. There are individual members located in small towns from whom we get yearly dues, and some of them feel that they do not get enough in return, at least as much as they well might; they have no voice or representation anywhere; and they ask you to pass this resolution without a single cent of expense to you and only to themselves. What is the harm if an individual member wants to send his claim to the National Association to have them look after it, or a dozen individual members desire to make a bureau controlled and operated by the National Association, for which they are willing and anxious to pay? I cannot see any objection to carrying out their desires. (Great applause.)

Mr. F. W. Risque, St. Louis—I think the resolution was not very clear to some of us.

Resolution read by the secretary as follows:

*"Resolved, That the board of directors are hereby requested and authorized to take up with those individual members who are not members of a local association the matter of creating an adjustment bureau to be operated through the National Association for the benefit of and at the expense of such individual members as become members of such bureau."*

Secretary Meek—Mr. Fessenden knows now that a good many individual members place themselves in communication with the National Association on adjustment bureau matters. I have as a rule placed such communications in the hands of the nearest adjustment bureau, and I think just such cases are what Mr. Fessenden has in mind. Perhaps he

might modify his resolution so that the board of directors shall be requested to take up and authorize a medium through which the individual members in adjustment bureau matters can be placed in touch with local associations.

Mr. Fessenden—I accept that.

Mr. Arthur Parsons, Salt Lake City—I have been very much interested in the discussions that we have been having this morning, and I am inclined to think that a good deal of the difference of opinion that seems to exist here hinges on the fact that we are not making a proper distinction between an adjustment and a collection. Some of the remarks made here would indicate that when a firm wants to make a collection or an adjustment, as they call it, on their own account, they would be called upon to notify every other creditor of the individual from whom they were seeking to make their collection. Now in such cases they are simply making an adjustment of their own account, as many of us do. But it is in the case of a general adjustment that this notification of creditors is requested, and is necessary. I would say in behalf of the Utah Association of Credit Men and its adjustment bureau that whenever it becomes necessary to make an adjustment it is done in one of the ways suggested in Rule 1—generally by an assignment. Our association is a corporation, and as a corporation acts in the capacity of a trustee or an assignee. Being on the ground we know all the circumstances and can act intelligently on the question of taking an assignment.

A point of order was raised that the gentleman is not talking on the resolution.

President Gettys—If Mr. Parsons is speaking to the resolution offered by Mr. Fessenden he is in order.

Mr. Parsons—I am speaking to that resolution and it will so appear. In case we have taken an assignment one of the first duties imposed upon us is to find out who the creditors are, and we never stop to ask whether they are members of the National Association, or a local association. But if we find they are creditors, they receive the same notices, the same treatment as we expect for ourselves as members of the Utah Association of Credit Men. (Applause.) Until you come down to the spirit of confidence in these adjustment bureaus, such that you can trust the local bureaus to attend to these matters because they are best qualified to do so, knowing all the circumstances and being on the ground—until you can place your confidence in them, I say, you will not make your bureau a success. (Applause.) But if you can trust each other through these bureaus to communicate bureau with bureau, or bureau with individual members, then, I say, you can gain such a spirit of confidence you can act and act successfully to your own and everyone's advantage. I therefore feel that the motion to authorize the National Association to establish an adjustment bureau for the individual members is unnecessary. If the individual members become involved in any settlements we control in Utah or the adjoining states, they will be notified without any fear or without any doubt if only we know they are creditors, and I want to say this, that out in the West there are a great many individuals and firms in business who do not know how to keep books, or at least seem not to. The result is when an assignee enters such a store he cannot tell from any view of the books who the creditors are. He generally has to go to a file and take off the invoices in order to find out the unpaid accounts. That consumes time; but as soon as we know who the creditors are they are notified of the existing conditions, whether an assignment has been made or trusteeship established or bankruptcy proceedings commenced.



President Gettys—Will the secretary read the resolution.

Secretary Meek—"*Resolved*, That the Board of Directors be requested to provide a medium through which individual members can be brought in touch with the adjustment bureau work of the local associations."

Resolution unanimously adopted.

Mr. Fessenden—Whose resolution was that?

President Gettys—It is a resolution of a friend of the great common people. (Laughter.)

Mr. David S. Ludlum, Philadelphia—I do not think we have adopted any rule to put these rules in force, or any rule to see that they are enforced, and, therefore, I feel that we should pass a resolution reading something like the following:

"*Resolved*, That any local association conducting an adjustment bureau which does not conform in its operations to the rules that we have adopted here in this convention, shall have its name dropped from the list of adjustment bureaus in the monthly BULLETIN."

Motion seconded.

Mr. George W. Ryan, Pittsburgh—Should we not give those adjustment boards a chance to conform first?

Mr. Ludlum—Certainly.

Resolution unanimously adopted.

Mr. Ludlum—The committee on adjustment bureau work this year states that last year there was no conference held upon adjustment bureau matters, and yet they say that often much good comes from such meetings; I therefore offer the following: "*Resolved*, That the Board of Directors be authorized to name a time and place at which a conference of all the association's adjustment bureaus shall be held, the expense of attending such conference to be borne by each local association."

Motion seconded and unanimously carried.

Mr. A. H. Foote, St. Louis—I wish to offer a resolution which is in the same spirit. If you will refer to the committee's report you will find that it makes a suggestion regarding a map, and I offer this resolution: "*Resolved*, That the National office be and is hereby authorized to publish for distribution to members a map on which shall be shown the location of the various adjustment bureaus, and the location of the offices of referees in bankruptcy, same to be designated by some mark and so shown as to indicate what bureau is assigned to look after the interests of creditors in each district, after territory has been agreed upon by the various bureaus."

Motion made and seconded to adopt the resolution.

Mr. David S. Ludlum, Philadelphia—Do I understand that that map will be prepared at once?

Mr. Foote—At the discretion of the board and the National office,

Secretary Meek—The question of carrying out the plan just presented by Mr. Foote has been under consideration, and after studying it thoroughly and ascertaining the number of referees in bankruptcy there are throughout the United States, we found that it would take a map which it would be rather difficult to get into the office of an adjustment bureau in order to show all details properly. The bankruptcy law contemplates, as I understand it, the appointment of a referee in bankruptcy in every county in every state, and the very fact that a referee in bankruptcy may be right next door to where a failure takes place does not mean necessarily that it will come under

the jurisdiction of that referee, it can be sent to any referee in the district.

In the western district of New York there are eight or ten referees in bankruptcy, and while it is usual to send cases to the nearest referee, that is not always done. Sometimes they are sent to a referee in a different part of the district, and I think that if Mr. Foote would take that into consideration he would modify his resolution.

Mr. Foote—I suggest that that part of my resolution relating to referees be withdrawn, and that the resolution be made to apply merely to the bureaus, and if taken up by the board that it be taken up and considered as a sectional matter.

President Gettys—Will the secretary read the resolution as desired.

*Resolved*, That the National office be and is hereby authorized to publish for distribution to members a map on which shall be shown the location of the various adjustment bureaus."

Moved and seconded that the resolution be adopted.

Mr. W. P. Peter, Dallas—I suggest that this matter be left over until after the first meeting of the adjustment bureaus, and I move to amend the resolution to that effect.

President Gettys—How amended?

Mr. Peter—That this map be made after the conference of adjustment bureau managers.

Mr. Foote, St. Louis—I will withdraw the resolution entirely.

Resolution withdrawn.

Recess taken at 1.40 o'clock and until 2 o'clock same day.

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### THIRD DAY.

Thursday, June 17, 1909.

#### AFTERNOON SESSION.

The session was called to order by the president at 2 o'clock.

President Gettys—Our noon recess having now ended the program before us consists of a trade conference conducted under the auspices of a special committee whose chairman needs no introduction. I will present Mr. George R. Barclay of St. Louis, who will now take charge of the meeting. (Great and long-continued applause.)

Mr. Barclay—Mr. President, Ladies and Gentlemen:

This innovation in our regular program is due to the zeal and wisdom of our worthy president, and is another evidence of the progress which has been taking place during his administration.

It is certainly a great pleasure to be able to discuss in this hall questions that are of vital interest to men of commerce, not only to credit men but also to all people in commercial pursuits.

The problem of uniformity in state laws is one that has long been troubling the minds of credit men, and we are indeed to be congratulated on having this matter laid clearly before us by a gentleman who is eminent in his line. I therefore take great pleasure, and I am not unmindful of the personal privilege I enjoy, in introducing to you the Hon. Amasa M. Eaton, of Providence, Rhode Island, president of the Conference of Commissioners on Uniform State Laws. (Great applause.)

ADDRESS OF THE HON. AMASA M. EATON

GENTLEMEN OF THE CONVENTION :

The subject of uniform legislation is in the air all over the United States. At the instance of the President, a National Conference to secure the conservation of our national resources has been held in Washington, and to carry into effect the conclusions of this conference there must follow uniform state legislation. At the instance of Governor Guild a conference of the Governors of the New England States, with other delegates, met in Boston last fall on the subject of forestry, shell fisheries and automobiles, all subjects calling for uniform legislation. A similar conference of the Governors of New York and the adjoining States has met in New York at the instance of Governor Hughes, of New York, to consider a uniform automobile law. A National Divorce Congress called by Governor Pennypacker by virtue of an act of the legislature of Pennsylvania, has framed a uniform divorce law which has been endorsed by the Conference of Commissioners on Uniform State Laws. A movement is on foot to organize a "House of Governors" of all the States of the Union, to secure uniform legislation, and now the whole subject of uniform legislation is to be considered at a National Conference of the National Civic Federation.

In March a conference on Uniform Child Labor Laws in the Southern States was held in New Orleans, at the call of the Governor of Louisiana, at which the Governors and delegates of those States were present. The result was the formation of a permanent organization, with the Governor of Louisiana as chairman, and the Executive Committee of that organization is to draft a Uniform Child Labor Law and submit it to the legislatures of the several Southern States.

All these are but expressions of the deep-seated necessity for uniform legislation that has existed ever since we acquired our independence of Great Britain, intensified by the requirements of a progressive civilization knitting us ever more and more closely into union as a nation. One of the weak features of the Articles of Confederation between the original thirteen States, was the absence of any grant of power to the central government to regulate interstate commerce. It was the necessity for such power that finally called into existence the convention that framed the Constitution of the United States. Webster declared that the entire purpose for which the delegates assembled at Annapolis was to devise means for the uniform regulation of trade. It was this need for better commercial regulations that led to the formation of our new national or federal government, superseding the weak and inefficient government established under the old Articles of Confederation. The admitted necessity for uniform regulation of commerce between the states led unexpectedly to the overthrow of the old league of friendship between the states and the substitution of a more centralized system of government. The movement now at work for uniformity of legislation among the states is, therefore, an attempt to satisfy this deep-seated necessity in the development of our American political system.

It was but natural therefore, when the American Bar Association was formed in 1878, that, in the call for the preliminary meeting of its founders, the first object stated was: "To assimilate the laws of the different States," and the first article of the constitution of that Association was, and still is, as follows:

"Its object shall be to advance the science of jurisprudence, promote the administration of Justice and uniformity of legislation throughout the Union, uphold the honor of the profession of the law and encourage cordial intercourse among the members of the American Bar."

The first report made to this Association by any committee was that made by the Committee on Jurisprudence and Law Reform, made in 1879 at the second annual meeting, recommending co-operation among the several Local Councils of the Association, and this committee, to secure uniformity in legislation on various subjects referred to the committee.

In 1882 this committee again reported on various subjects referred to them, with forms for statutes to bring about uniformity in legislation in the different States.

In 1886 the Committee on Correspondence of the State Bar Association of Alabama sent out a circular to the Secretary of every State Bar Association and of the American Bar Association, dwelling upon the desirability of uniformity in legislation concerning negotiable instruments, calling attention to the English Bills of Exchange Act and recommending that it be recommended to the legislatures of our States for adoption. To this Bar Association and its Committee is to be given, therefore, the honor of the first step taken in this country towards uniform legislation in the law of negotiable instruments.

In 1887 the Committee on Commercial Law of the American Bar Association submitted a report upon the necessity of a National Bankruptcy Act, and Federal legislation to regulate commercial transactions between citizens of different States. Their fourth conclusion was:

"That in the exercise of the same power" (over interstate commercial transactions) "Congress should enact a statute relating to bills of exchange and other commercial paper, so far as the same is involved in interstate commerce."

The bill they recommended is given in full in the Reports of the American Bar Association for 1887. It deserves study as the precursor of the Negotiable Instruments Law. It was prepared by a member of the American Bankers' Association and was introduced into Congress by the late Judge Poland. The preliminary statement is fitted to stand at the head of our Negotiable Instruments Law that should be passed by Congress in the exercise of its power over interstate commerce. It is as follows:

"Part I. Preliminary. Section I. That to provide for the general welfare of the United States and to carry into execution more fully than heretofore the power to regulate commerce among the several States, and to promote the security and efficiency of the national banks in their commercial transactions, all bills of exchange, promissory notes, checks on banks or bankers, and other negotiable instruments purporting to have been made in one of the United States or a Territory thereof" (to meet any question there should be added here 'and made payable in another State, the District of Columbia or any Territory or Dependencies of the United States or when sued upon in any federal court') "are hereby declared to be means and instruments of commerce among the several States, Territories, Districts and Dependencies, and all such bills, notes, checks and instruments, made or dated on or after the date of the approval of this act, shall be governed exclusively by the provisions thereof; and all laws or parts of laws of the several States in any wise inconsistent with the provisions of this act, are hereby suspended."

At the annual meeting of the American Bar Association in 1889, W. A. Collier, of Tennessee, stated that at a recent meeting of the Bar



Association of that State, the president had made some wise suggestions in his address, with reference to uniform laws, and this address had been referred to a committee which had reported thereon, and in obedience to their request he now submitted the following resolution:

"Recognizing the desirability of uniformity in laws of the several States, especially those relating to marriage and divorce, descent and distribution of property, acknowledgment of deeds, execution and probate of wills; therefore be it

*"Resolved,* That the President of this Association appoint a Committee consisting of one from each State, who shall meet in convention at a time to be fixed by the President, and compare and consider the laws of the different States relating to these subjects, and prepare and report to this Association such recommendations and measures as will bring about the desired result."

This resolution was adopted and the president appointed the committee. It consisted of forty-two members, that being the number of states then represented in the Association. It has been appointed every year since then, the number of its members increasing as the number of states represented has increased. At the annual meeting in 1903, by a change in the constitution, it was made one of the Standing Committees.

This Committee on Uniform State Laws, made its first report the next year, 1890.

This report said that the state of New York had passed an act authorizing the Governor, by and with the consent of the Senate, to appoint three Commissioners for the Promotion of Uniformity of Legislation in the United States;

"to examine the subjects of marriage and divorce, insolvency, the form of notarial certificates and other subjects: to ascertain the best means to effect an assimilation and uniformity in the laws of the states, and especially to consider whether it would be wise and practicable for the state of New York to invite the other states of the Union to send representatives to a convention to draft uniform laws to be submitted for the approval and adoption of the several states, and to devise and recommend such other course of action as shall best accomplish the purpose of this act."

The Committee recommended the passage by each state and by the Congress of the United States for the District of Columbia and the Territories, of an act similar to the above, inserting further, as proper subjects requiring uniformity of legislation, "descent and distribution of property, acknowledgement of deeds, execution and probate of wills."

They recommended further that the secretary be instructed to cause the report and accompanying resolutions to be printed and copies sent to the members of the General Council, the Vice-President and the members of this committee in each of the states, etc., with the request that they unite in preparing, presenting and securing the passage of a similar bill in their respective states and territories. The report and resolutions were adopted, Louis H. Pike of Ohio, stating that the same subject had been considered by the Ohio State Bar Association and by the National Bar Association, and that some of the recommendations of the latter had been adopted by some of the state legislatures.

The Committee on Uniform State Laws made its second annual report in 1891, stating that as it had been found impossible for the members to meet in convention, a circular had been issued by the chairman and sent to each member, requesting answers to inquiries as to what

steps had been taken looking to the formation of a Commission on Uniformity of Laws in the recipient's state: and in what respect greater uniformity in legislation was deemed desirable and practicable.

Answers were received from most of the states, from judges of the highest courts and from lawyers who had made a study of interstate law. Commissions on Uniformity of Legislation had been appointed in New York, Pennsylvania, Massachusetts, Michigan, New Jersey and Delaware. The committee found a substantial agreement of opinion, that the desired uniformity could be best secured by legislative action in the states, a conclusion that has been verified by the results of experience.

There was a substantial agreement in the view that the most urgent and immediate need of uniformity or unification, was in the matters affecting directly the business common to and co-extensive with, the whole country, such as the enforcement of contracts, the validity, negotiability and construction of negotiable paper and the formality of all legal instruments and the proofs of their authenticity. It was apprehended that sudden radical and fundamental changes in the laws of divorce, descent and distribution, however desirable, would meet with the greatest difficulty, and in most states, changes would be more likely to be adopted, if at all, after the general advantages of uniformity in commercial matters had been demonstrated by experience.

The Committee on Uniform State Laws has continued to report to the American Bar Association from year to year, the appointment by state after state of Commissioners on Uniformity of Legislation. As it has been found impossible to secure the attendance in convention of the members of this committee on Uniform State Laws of the American Bar Association, and as the Commissioners thus appointed by the states meet in conference each year, the same week the American Bar Association meets, and constitute an official body, representing the states, it has naturally resulted that the work on Uniformity of Legislation has been done at the conferences of these Commissioners and no longer by the Committee on Uniform State Laws of the American Bar Association.

We will now turn to the instructive annual reports of these conferences. Many of the earlier ones are already out of print, and it is no longer possible to procure a complete set. Among the first of the uniform laws recommended at the conference in 1892 was one of two short sections relating to promissory notes, checks, drafts, etc. Commissioners from New York, Massachusetts, Pennsylvania, New Jersey, Michigan, Delaware and Georgia were in attendance. The first conference took place at Saratoga Springs, New York August 24 and 25, 1892, and the second in New York City, November 15 and 16, 1892. Since then these conferences have been held regularly each year in connection with the meetings of the American Bar Association, at the same place, and two or three days prior thereto, in order that the commissioners may attend the meetings of both bodies.

At the conference held in Detroit, Michigan, in August, 1895, Frank Bergen, one of the Commissioners from New Jersey, offered resolutions which were slightly amended in form and then adopted, as follows:

*"Resolved*, That the Committee on Commercial Law be requested to procure, as soon as practicable, a draft of a bill relating to commercial paper, based on the English statute on that subject, and on such other sources of information as may be deemed proper to consult, and cause said draft and statute to be printed and sent by mail, with a copy of this resolution, to every commissioner on uniform law in office.

*"Be it further Resolved*, That the comments on said draft be sent to the chairman of said committee without delay, and that said committee meet at a place to be appointed by the chairman at such time or place as the chairman may fix, to revise said draft and report the same to the next meeting of this conference.

*"And be it further Resolved*, That the said Committee be authorized to spend a sum not to exceed two thousand dollars in the preparation, printing and mailing of said draft and bill."

Subsequently the Committee on Commercial Law met and appointed a sub-committee of three, to carry out the instructions contained in this resolution.

In September, 1895, this sub-committee employed John J. Crawford, of the New York Bar, who had made a special study of the law relating to commercial paper, to prepare this draft of a bill. Upon its completion in December, it was carefully revised by the sub-committee and annotated for convenience of study. Copies were sent to all the Commissioners of the other states and comments were invited. The sub-committee consisted of the three very able and efficient commissioners from New Jersey—J. Franklin Fort (the present Governor), Frank Bergen and J. D. Bedle. They submitted their report to the legislature of New Jersey January 24, 1896, in which they stated that although the act in question should not be passed at that session, as it was to be submitted to the conference of Commissioners the next summer, they suggested that the bill be introduced, printed and distributed among the members of the legislature or otherwise published. Their recommendation was adopted and the bill was published in pamphlet form with the annotations referred to. Copies were distributed throughout the country, in order to make the act as well known as possible.

At the sixth conference, held at Saratoga Springs August 15, 17 and 18, 1896, the Committee on Commercial Law presented this draft and reported further that in addition to the examination and criticism of the commissioners, the committee had sought the opinions of experts and professors in this branch of the law, and had been aided by their suggestions in the final revision of the draft act, as now presented to the consideration of the conference.

Mr. Crawford was present throughout the sessions of the conference, and during the three days the session lasted, the conference examined the act section by section with him, asking for explanations, suggesting amendments, some of which were adopted, but not until after full examination and patient hearing of the arguments presented on both sides. The conference was so thoroughly satisfied with the draft that, on motion of Judge Stiness, of the Supreme Court of Rhode Island, after the act was adopted as a whole, it was resolved that the conference express its high appreciation of the work done by Mr. Crawford in drafting the Negotiable Instruments Act, and that a record of the thanks of the conference be spread on the minutes.

The following year, the Committee on Uniform Laws of the American Bankers' Association, having been directed by the Executive Council to prepare a uniform law for commercial paper, with such legal assistance as might be desired, reported that the Negotiable Instruments Law adopted by our conference seemed to be a better law for the purpose than any they could possibly frame.

This committee submitted a report giving a summary of the genesis of our law, for which the committee acknowledged its indebtedness to an article by Mr. Sherwood published in the *Yale Law Journal*. Stu-

dents of this subject are referred to this article and also to this report, published as an introduction to an edition of our act, which was printed and distributed all over the country by the American Bankers' Association. This committee said of our act, "A more useful or thoroughly prepared statute on commercial law would be difficult to find," and recommended the Association to urge the state associations to present the law to their respective state legislatures for passage. They recommended, further, the appointment of a committee whose duty it should be to correspond with the several state associations, and to look generally after the passage of the law by several state legislatures.

This report was adopted and the act was republished and distributed throughout the country by this powerful association. It has co-operated since then with the Commissioners on Uniform State Laws in endeavoring to secure its adoption by the legislatures of the various states.

These labors have had a humorous turn sometimes, even though exhibiting a lamentable phase of American politics. In one state, after full discussion before the Judiciary Committees of both Houses and favorable reports from both Committees, sundry members of the legislature learned that the law proposed had been favorably reported upon by the American Bankers' Association. Thereupon they reasoned that there must be "something in it," and the act was "held up" to exact payment for its passage. Years later, the members of the legislature of this state became convinced that all there was in it was the public spirited desire of bankers and lawyers to promote the welfare of their country, and they passed the act.

In another state, noted for its subservience to a machine and its boss, the act was carried through both Houses without opposition. Upon inquiry how this happened, we were told that the boss was assured that the act was a good one, with no politics and no money in it; that it was intended solely for the public good, and ought to be adopted, as it would help him with the people of his state if he did something for their benefit. Being broadminded enough to see the reasonableness of this proposition, he submitted the act to the lawyers of the machine and the machine always commands the services of lawyers of high ability. They agreed with the argument advanced and the law was carried through at once.

In another state the act was "held up" for years, because the chairman of the Judiciary Committee was opposed to any change.

Year after year, however, one state after another has adopted the act, after full consideration before their Judiciary Committees of arguments pro and con until now it is the law in thirty-four states, the District of Columbia and two territories, as follows: Alabama, Arizona, Colorado, Connecticut, District of Columbia, Florida, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Utah, Virginia, Washington, West Virginia, Wisconsin and Wyoming.

For details of the interesting controversy over the merits and demerits of this law, see "The Negotiable Instruments Law with Comments and Criticisms" by Professor Brannan, of the Harvard Law School, 1908, and an article by Amasa M. Eaton in the *Michigan Law Review*, vol. ii No. 4, January, 1904, entitled: "The Negotiable Instruments Law; Its History and its Practical Operation." See also "The Negotiable Instruments Law," by John Crawford, the draftsman of the act, third edition, 1908.



After the completion of this law, the conference took up the subjects of Sales and of Warehouse Receipts, retaining Prof. Williston of the Harvard Law School to draft a Uniform Sales Act, and Prof. Williston and Barry Mohum of the Washington Bar, author of a well known work on the subject, to draft a Uniform Warehouse Receipt Act. After going through these acts, section by section in conference, with their authors, in accordance with the established practice of the conference, they were printed in pamphlet form with explanatory notes and references to leading cases throughout the country, and copies were distributed among jurists, text book writers, teachers in law schools, judges, members of the bar, business associations and others whose interests might be affected by the act under consideration so that their opinions as to any changes or additions might be obtained for the guidance of the conference upon resuming consideration of the act at its next annual meeting. This method is continued from year to year, so long as the conference feels that greater perfection in the particular law under consideration can be reached by thus making haste slowly, if some particular objection that was urged can be shown not to be valid, or, upon becoming satisfied with the correctness of the objection presented, the draftsmen and the conference can make a change to meet it. After reaching in this painstaking way, in Committee of the Whole, agreement on every section of the proposed act, upon report accordingly to the conference, a vote is taken upon the final adoption of the completed act, which vote is taken upon a roll call of the states, each state casting one vote through its commissioners who are present. It is worthy of note that every vote thus far taken as to the adoption of any one of our uniform laws, has been unanimous.

The expert chosen to draft a Uniform Law must be one who has a knowledge of the existing law on that subject, and the decisions thereunder in all the states and also in England before the separation of our Colonies. He must also know the history of the conflicting principles and doctrines that have resulted in the tangle of conflicting laws and decisions in that particular branch of the law. It need hardly be said that the number of such men is limited.

The conference is indebted to several State Bar Associations as well as to the American Bar Association, for their support. Many state bar associations have a standing committee on uniform legislation, recognizing the work we are engaged in. Each such committee reports annually to its association the various measures recommended by this conference. These recommendations are discussed in detail, and the Association generally recommends the passage of our act by the legislature of that state. For instance, the report of the Bar Association of Pennsylvania for 1908, shows the discussion that took place over the Uniform Sales Act, and the Uniform Divorce Act, covering 133 pages, both acts being recommended by passage by that powerful bar association.

Many of the commissioners have served for years upon important committees of the conference, have studied thoroughly the subject before their committee, and have become expert thereon. They are among the leaders of their respective bars, serving the conference without compensation, save the sense of satisfaction of a duty to the state well performed. The conference has standing committees on commercial law, wills, descents and distribution, marriage and divorce, conveyances, insurance, incorporation, banks and banking, etc. Many of these committees have submitted valuable reports from time to

time with important recommendations for action, and the President delivers an annual address each year. These may all be found in the annual reports of the conference, published as a part of the Proceedings of the American Bar Association, and also reprinted separately. The advantage to the commercial interest of the country of greater uniformity in state laws is manifest as soon as the subject is presented to any one. It is emphasized by every step taken in our history towards this end. In the memorable speech of Secretary of State, Elihu Root, at the dinner of the Pennsylvania Society, December 12, 1906, he said:

"There is but one way in which the states of the Union can maintain their power and authority under the conditions which are now before us, and that way is by an awakening on the part of the states to a realization of their own duties to the country at large. Under the conditions which now exist, no state can live to itself alone, and regulate its affairs with sole reference to its own treasury, its own convenience, its own special interests. Every state is bound to frame its legislation and its administration with reference, not only to its own social affairs, but with reference to the effect upon all its sister states."

This can best be accomplished through uniform state legislation, the work we are engaged in. Through the admirable work started in the Wisconsin Library, under the direction of its able librarian, Charles McCarthy, the number of states is increasing in which, on drafting any important new law of general applicability in several states, the draftsman receives great assistance through the compilation of the laws of the different states upon that particular subject, by the state librarian.

The only step remaining is for the commissioners from each state, in their annual reports to their respective state legislatures, to recommend for passage the uniform law thus framed.

The Uniform Sales Act and the Uniform Warehouse Receipts Act were finally adopted by the conference at their sixteenth conference held at St. Paul, Minnesota, in August, 1906. The Uniform Warehouse Receipts Act has been passed in eighteen states, as follows: Connecticut, Illinois, Iowa, Louisiana, Massachusetts, New Jersey, Ohio, New York, Rhode Island, Virginia, Montana, Idaho, Maryland, California, Pennsylvania, Wisconsin, Michigan and Kansas.

The Uniform Sales Act has been passed in six states, as follows: Arizona, Connecticut, Massachusetts, New Jersey, Ohio and Rhode Island.

At the conference to be held in Detroit, Michigan, in August next, the Commissioners will take into consideration the fourth tentative draft of an act to make uniform the laws of bills of lading, the third tentative draft of an act to make uniform the law of certificates of stock and the second tentative draft of an act to make uniform the law of partnership.

The various steps by which our uniform laws are drafted, considered and adopted, have been carefully explained in order that it may be seen that the conference is an official body of Commissioners, appointed by the Governors of the various states under authority of their respective state Constitutions or of acts of their respective legislatures, meeting annually in conference, employing the best attainable expert authority to draft a particular uniform law which draft is then submitted to the scrutiny of all interested in every part of the country proposed to be affected, is gone over line by line with

the draftsman in Committee of the Whole of the conference, and is only adopted by the conference as a whole by the vote of the states represented in the conference, after ample opportunity has been given to every interest to be heard.

It is the aim of the conference to act in co-operation with every other body or agency whose aim is likewise to secure uniformity in state legislation. It welcomes every such movement and it has the organization and machinery whereby a uniform law can be drafted and put into final definite shape after any such a body or agency has decided that a uniform law is necessary on some particular subject. To that end it will confer and act in harmony with any committee appointed to procure the drafting of such a uniform law. Having the authority from the several states to draft such laws and the means, lacking to other bodies or agencies, of carrying this authority into practical effect, it may confidently expect to accomplish results that can be accomplished in no other way. In the wide field whose horizon cannot now be discovered in which the Congress has no authority, uniform legislation can only be secured by comity and concerted action between the states. Ours is the official means provided by the states to reach that result.

It is gratifying to find approval of the work accomplished by our conference by high authority. In an article by the Hon. Simeon E. Baldwin in XXII Harvard Law Review on "Recent Progress towards Agreement on Rules to Prevent Conflict of Laws," p. 403, he says:

"The inconvenience resulting from a conflict of laws between our states on the subject of commercial paper has of late been largely avoided by the general adoption of the Negotiable Instruments Act framed by the Annual Conference of the States for Promoting Uniform Legislation. It is from the action of this body that the most is to be hoped for in the immediate future in smoothing the way to general agreement within the United States as to matters of private law. Identical statutes in different states avoid many questions incident to a choice between different statutes of different states. The existence of this American Conference as a permanent body was one of the causes that encouraged the Netherlands to call the first "Hague Conference. Its work ought to be forwarded by all who are interested in advancing the unity of American jurisprudence." (*Actes de la Conférence de la Hage, chargée de régler diverses matières de Droit International Privé. The Hague, 1903, p. 625.*)

The same eminent jurist, in an address entitled "The Modern Droit d'Aubaine," published in the Proceedings of the American Association for the Advancement of Science, Fifty-fourth Meeting, Philadelphia, December 27-31, 1904, speaking of our Conference, said (p. 552) we "have become a standing institution of unquestioned authority."

In an article on "The Law of Reason," by Sir Frederick Pollock, in the Michigan Law Review for December, 1903, that great authority said:

"Perhaps the best example of the sound and legitimate work of equity, proceeding on broad principles of justice and convenience, and giving permanent definition to reasonable practice tried by long experience is to be found in the law of partnership. That law is modern and self-contained; it owes very little to early precedents and hardly anything to legislation: in about a century it grew to a condition so settled and so acceptable as to be ripe for codification. In 1890 it was codified in England and no material fault has been found with the result. The Commissioners on Uniformity of Legislation, who have already done such excellent work in the United States, are now turning their attention to

the same subject, and it may not be many years before we see a substantially identical law of partnership enacted for the English-speaking world: enacted as was the Negotiable Instruments Law, not by the invention of any one man or generation, but on the firm base of the combined legal and commercial reasons of several generations." (Long continued applause.)

Mr. George R. Barclay, St. Louis—Of no less importance to the commerce of the nation is the next question under discussion, the extension of our foreign commerce.

And right here I may be pardoned for saying a word with reference to an institution of this city, an organization that is controlled by state and municipal authorities, one that is not conducted for revenue, but simply as an aid to the merchants of this country and used to foster, encourage and develop foreign commerce. I have been privileged to be a member of that association for many years, and I know whereof I speak. It is fully equipped to take you to the markets of the world where you can distribute your merchandise with profit—not only that, but it is prepared to give you information regarding the financial standing of those customers, and this at a nominal fee. It is with great pleasure that I commend to your kindly thought and consideration the Philadelphia Commercial Museums. (Applause.)

Now we are indeed fortunate to have a gentleman with us who can discuss the question of foreign commerce, and it is with pleasure that I have the honor of introducing to you Mr. James M. Pepper, Foreign Trade Commissioner, Department of Commerce and Labor, Washington, D. C. (Great and long-continued applause.)

ADDRESS OF MR. CHAS. M. PEPPER.

*Mr. Chairman and Gentlemen of the National Association of Credit Men:*

When your secretary invited me to address this convention I hesitated somewhat on account of the pressing nature of the duties which are keeping many people in Washington this summer. Besides, I realized that a formal address is not in my line, but I finally compromised by agreeing to give a brief talk on the extension of our foreign commerce and submit to a quiz afterwards. So if any question arises I will take pleasure in answering it when my brief address is concluded.

Now as to our foreign commerce: Few of us realize its growth unless we look at the impressive figures; I know long columns of figures are very wearisome, so I am going to dodge them as much as possible.

I am not going back very far—only ten years back—to say something about the growth of our foreign commerce.

The year 1898 was the year of our war for the liberation of Cuba. That war awakened the whole world, including ourselves, to the knowledge that we had become a world power in international political affairs. Few of us realized however, that we were then becoming a world power also in commercial affairs. Progress in that respect has been going on more rapidly in the last ten years than previously. In 1898 our total exports were something like \$1,200,000,000. In 1907—I shall take that year because last year's statistics are not yet complete—it was a bad year temporarily—the exports were \$1,835,000,000. Here is an increase in ten years of something over \$600,000,000 in our foreign export. It is instructive to note that while we had been doing rather more than our share in feeding and clothing the rest of the world by sending surplus meat and other products abroad, we have not



kept that up in the last ten years in the same proportion. It is now rather our manufactured products that are going abroad, and it is the manufactured articles that have made the great difference. In 1898 our exports of manufactured articles were about \$325,000,000. Last year they were close to \$750,000,000. That shows the tendency.

I think most of you are aware, because I know many western men are here, that every year we are consuming right here more and more of our wheat and food products generally. It is a possibility that many of us will live to see the time when the 600 to 700 million bushels of wheat we produce, will all be consumed at home. That means that if our foreign commerce is to be kept up in present volume it must be by sending abroad more of our manufactured articles.

There are some significant facts about these manufactured articles. I imagine you have read literature or heard speeches in which are described how camels are drawing our harvesters across the plains of the far East or oxen in Argentina. Perhaps you may not all know that it was an enterprising manufacturer of America who introduced harvesters in the Holy Land to supplant the flail of Ruth. Then, too, the British Government came to us for bridges in the Soudan. You have also heard of the railroads built across the Andes by Americans, and how they showed that heavy as well as light loads can be drawn up steep grades. Many of the members of this convention I have no doubt, go to foreign countries, and have heard the click of the American typewriter, and the tick of the American watch, and the jingle of the American cash register in far distant lands. Those who go to the tropics will find the American ice machine. In Europe you may thank the American shoemaker for his enterprise.

I am not referring to these facts in a spirit of boastfulness—we brag too much, anyhow—but simply to illustrate that the American manufacturer when he chooses, can make any article and sell any article he wants in any part of the world.

The expansion of our American commerce has in it strange contrasts, such as fountain pens and threshing machines, wind-mills and roll-top desks, tooth brushes and harvesters, Yale locks and buzz-saws, telephone apparatus and stock tickers, cotton sheeting and wire fencing—so great is the variety. There are a thousand and one articles that have made up this growth of foreign commerce. Look over the iron and steel products of this country which we send abroad and be persuaded of this variety. Some twenty years ago our exports in this line were only \$21,000,000. Now we have reached the point where we are exporting \$185,000,000 worth of steel products, and the amount of small articles is surprising—it is not confined to steel rails and bridges and articles of that kind—there is a vast number of very small articles going to make up this total.

As to the location of these markets, a few years ago we heard a good deal about the American Commercial Invasion of Europe; the European countries were standing on their heads. The invasion did not follow quite as fast as some of us expected, but I think you will find that they are still standing on their heads over there because of what has been done by American manufacturers who have determined seriously to cultivate that field. The machine tool makers of Germany, France and England to-day are absolutely unable to compete with our machine tools. The same can be said of our shoes. They have imported our shoe-making machinery, or leased it, which is so much the better, and make a so-called American shoe; but as a matter of fact they have not succeeded in bringing out the actual American shoe. There are innumerable instances of

this kind which I might show. The persistence and adaptability of American genius can meet any situation that arises in any part of the world.

More recently we have had the Orient exploited. There is an enormous market with its hundreds of millions of people, but it has been so fully described that I shall not go into it this afternoon.

But I will talk a little about Latin America, although I believe that Professor Rowe the other day talked to you on that subject. Those of us who know those countries to the south of us, know their possibilities and future. It is good to have a hobby about this question of Latin American trade, so if I cover a little ground previously covered, you will pardon me.

What do we understand by Latin America? I answer, all the region south of the Rio Grande extending to the Straits of Magellan. This includes the West Indies, all countries in which the Romance languages are spoken. There are seventy million consumers in those countries. Their products are largely tropical. Something like \$185,000,000 worth of coffee is produced, \$80,000,000 worth of rubber, and \$25,000,000 worth of chocolate. Sugar and fruits I have not figured, but the amount is large. Of course, there are the mineral products, not only precious metals, but the copper ore of Peru, and the fertilizing nitrates of Chile. But the bulk of their products are tropical and form the natural basis of exchange for the products and manufactured articles of the north. I do not forget, of course, that some of these regions are great producing countries with temperate climate, and that the Argentine Republic is another Mississippi Valley in wheat; that it rivals Texas and Montana in its sheep; but it happens that this enormous region has no minerals to speak of, no iron ore, no coke; and that is why it is our greatest future market for agricultural machinery. Generally, however, we can consider that all this region south of us produces articles which we consume, and consume articles which we produce and furnishes a fine basis for international trade.

Now the relation of the United States to Latin America, notwithstanding all that has been done within the last few years, is not entirely satisfactory in the trade sense. Our total trade with the region which I have described as Latin America is something like \$256,000,000 in exports, and nearly \$330,000,000 in imports. The balance of trade in other words, is very largely against us. With Mexico and Central America, which are nearer, the balance is in our favor, but with Brazil the balance is so largely against us that I hardly dare mention it. We take something like \$85,000,000 worth of goods from Brazil and send to Brazil less than \$2,000,000 worth.

Now since the time that James G. Blaine turned the search-light of his powerful intellect on Latin America, the contention of all our public men has been that we should insure the stability of these countries without thinking of and without wanting anything in the nature of additional territory, but that we should foster their material development wherever we could, and encourage their enterprises. The culmination of this contention was reached three years ago when Secretary Root made his famous visit. Those of us who are familiar with our international relations know how powerfully that visit has contributed to improve conditions in all of Latin America, and how much it is going to do to improve our trade relations. We have not done enough yet. There is something like nearly a billion dollars worth of goods per annum to be imported there within the next few years. The total commerce of these countries to-day is two billion dollars, a large proportion

of which consists of export; but this commerce is gradually assuming more normal proportions; and what some of our public men are trying to do is to educate our American people regarding these possibilities. The market is there; they are our neighbors; all our manufacturers want to do is to know something more about the country, to teach themselves to study it, to send their men there to find the possibilities. With that process going on I think in a few years we will have, not a preponderating share unfortunately, but a legitimate share of that trade which every year will grow greater and greater.

Now I want to say a word as to the subject more pertinent to your association in connection with this matter of the extension of world commerce. It is a literal fact that as our credit as a nation has expanded, the credit of Americans, as individuals has also expanded. That is more gratifying when we are buying abroad, but we are concerned chiefly with selling abroad, and naturally, there is need for greater information in the United States. The government has tried to meet that need as far as it can properly do so. A few years ago when the Department of Commerce was created, the work with reference to foreign trade was transferred to this department. A new bureau known as the Bureau of Manufactures, which is in reality a bureau of foreign trade, was established. Special agents of great skill in the different lines of industry and trade have been appointed; they traverse the world in searching out new markets; they study the idiosyncrasies, the peculiarities, the customs, the commercial conditions in all these countries. I might say that they find what is wanted, where it is wanted, and how to get it there.

But the next question, and a very important question, arises, that is, about paying for the articles which are sent there. I imagine that is the most pertinent to your own association. Now you will all realize the difficulty of a government undertaking to become an international credit agency. The government cannot do that. What it does, is this: it gives indirectly, a great deal of valuable information. We have now in the Bureau of Manufactures something like 500,000 names of firms in all parts of the world on file. There is no foreign city, no foreign country, of which a commercial directory does not exist. I do not know that you are all aware of the fact that access to that list is given to any reputable manufacturer or exporter. Possibly within a year or so an appropriation may be obtained from Congress, and all that information will be embodied in a commercial directory available to the trade generally.

In the meantime I was pleased to hear the chairman speak of the work of your Commercial Museums here in Philadelphia, which has been very valuable, and very useful in this field of Latin America; and I am glad to hear that it furnishes these reports which the government itself cannot do.

There are, however, some features of the general credit systems of these different countries to which I may advert briefly. Now without criticising our state or national legislation, I think we must all admit that the countries which have inherited the system of Roman jurisprudence, and the country from which we ourselves get the common law, have shown a much juster regard for the mutual relations of debtor and creditor than we have, and even those far-away countries, those older countries, with whose written laws we are not familiar, have shown a higher sense of obligation. For centuries I believe it was the unwritten law in China that the banker who failed had his head cut off.

It was never embodied in statute, it was not necessary. Some of you may know a little about the high code of commercial morality obtaining in China, which is largely due to their guilds, each guild in a sense holding itself responsible for the honesty of its members, and when a member fails and cannot pay his debts and has to go out of business, his only refuge is suicide. Sometimes it even goes further than that. A few years ago there came into the state department a very interesting report which I had the privilege of reading, of a very rich member of one of the guilds in China. Another member had failed and made a very bad failure, left a large amount of unsecured debts, and of course, committed suicide. This member felt the reflection on his guild so keenly (he was a very rich man) that he himself paid off all the debts, something like \$5,000,000. Now the Chinese civilization is something like 2,000 years older than our own. It may be that when the National Association of Credit Men meets in annual convention in the year 3909, somebody will be able to report a similar case. (Laughter and applause.) We are so opposed in the West to adopting Eastern ideas, however, that I would not be too confident about that. (Laughter.)

Now I will speak briefly of the Latin American credit system. It is based on the Roman law and largely on the code Napoleon. Their commercial code is very complete; and as I interpret the spirit of that code it is to make bankruptcy, insolvency, not only dishonest and odious, but unprofitable. That idea is followed very rigidly. Those of you who have had any business in those countries certainly know that failures are very rare, not only bank failures, but failures of business firms, and the reason is literally the rigidity of their codes. They are beneficent to the unfortunate debtor, afford him ample protection, but the whole theory is that while an honest failure is not impossible it requires a very careful scrutiny, and where it appears that the debtor somehow has managed to lay something by, or is likely to profit by that failure, the courts generally find means to restore that property to the creditors. They do not have national bankruptcy acts in our sense, but the insolvency laws are contained in their commercial codes. Of course also outside of the legal system they have practices which have a decidedly wholesome effect. I noticed in glancing at Dr. Rowe's remarks, that he referred to the fact that in Latin American countries a failure usually brings sort of a suspicion on a man. A man who has been in business a long time finds it disagreeable to fail because he loses his social position.

But there are other reasons which also make an intelligent extension of credits in these Latin American countries fairly safe. Many of them are pretty far distant from their base of supplies. You go into a warehouse in Brazil, Chile or Peru, a very unassuming warehouse as to outside appearance, and you will find a half million dollars worth of goods stored, whereas, a similar concern in the United States would not carry more than \$100,000 worth. Now, a firm which has half a million dollars in sight which the court can lay its hands on, cannot get away over night, and it is an inducement not to fail. When the debtor gets into difficulties, generally, the creditors can rescue their stock, save themselves, and the business goes on.

Other local customs obtain which stand in the way of the insolvencies such as we have in the United States. The standard of honor is undoubtedly very high among Spanish American merchants. It is a tradition with them, which has come down for many generations, and they preserve it almost as religiously as the Chinese. As I said also,



safety lies in the large amount of capital required; it is rather difficult for a mushroom concern to set up business in any Latin American country and get goods from foreign countries. I think as a rule, probably not only in Latin America, but certainly in India and other parts of the Orient, the banks play a larger part in relation to credit than our banks do. We can now through the regular commercial agencies obtain pretty fair reports as to many points in Europe, India, and some parts of South America; but generally the banks there have warehouses. In India the banks have warehouses and handle actual stocks of goods. So it happens frequently that goods will be consigned to them and put in a warehouse. and before reaching the buyer the bank will be satisfied that he is sound. Of course, in case of failure the goods may be sold at a loss, but legal proceedings are not difficult, recovery is not difficult, and the loss is not so great as where the property has reached the hands of the fraudulent buyer himself.

The general fact which has been impressed on me in the last few years, especially in the last two years, however, has been the very long credits which foreign merchants give not only their foreign customers, but their home customers, and yet their unwillingness to utilize credit as a means of settling retail transactions. You all know more about this than I do, but I have seen the statement that 92 per cent. of our transactions are conducted on credit. I do not think that statement would apply to any other country. Payments by check are rare in Havana. I remember that the custom there was that on every Thursday merchants would go to the bank, get their bags of gold and carry them about and then make their settlements; and then the money next day would be carried back to the bank. As recently as ten years ago the check was hardly known in Havana. It is only two years ago that Germany by special legislation made it possible to use checks in ordinary retail transactions. To-day in France it is almost impossible to settle with check. If you want to pay a bill with a check you first go to a lawyer and he assures you the check is drawn correctly; then you go to the banker who confirms the lawyer; then you go to the payee and he generally insists on your going around with him to the bank to get the check cashed. Now it has impressed me that it is rather remarkable that countries which make so little use of the check in retail transactions are so liberal in extending long credit, which no merchant would give, not only to local, but foreign customers. Of course in countries like those in South America and the Orient one reason is the distance from the market. While there are losses from this long credit, of course no great German exporting firm continues that business with a loss ultimately. So in the end these long credits work out satisfactorily to European firms.

I never have myself advised American exporters to grant these long credits even to get trade. In Latin America and India the local merchant himself gives pretty long credit to his customer, and where he gives four months he naturally expects six months; but the tendency now is more and more to shorten those credits, and I think that will be decidedly to the advantage of the United States.

A few months ago in Berlin, in one of the banks there they told me that when the panic came on them two years ago—and it was a very severe panic, practically as severe as ours, though not so much was made of it—the banks came to the conclusion that one cause of the panic was the very long credit which they had been extending to their local customers. They then resolved to shorten their terms of credit, and began at once to do so in the thoroughly systematic way characteristic of the Germans. The

result is that the German exporting firms that send large quantities of goods abroad are beginning to draw in their foreign credits.

Only a few years ago I noticed in our daily consular reports a report from Bangkok, Siam, which commented on the same fact, namely, that the English merchants in London had shortened their credits for the Orient very considerably. Now we cannot do business entirely in these foreign countries on cash. The great point is to study their credit system and understand how they do business. We have in the Orient some American banking facilities. In South America as yet we have no American bank; but within the next three years an American bank will be established there. In the meantime, however, there are fairly good means of learning the credit of individual firms. The means of communication are increasing all the time. As you know, different parts of the world are getting nearer together on account of improved transportation facilities. That in one way lessens the necessity of these long credits, and in another way it justifies giving shorter credit. It is a rather important element in the extension of our foreign commerce, and should be kept in mind when anybody has occasion to act on a credit in South America or even in the Orient.

In this address I have been obliged to confine myself to a few practical subjects, and I shall now be glad to answer to the best of my ability any question you may ask on the subject. (Great applause.)

Mr. G. L. Irvin, Baltimore—Do you know what percentage of foreign trade is carried under the American flag?

Mr. Pepper—That is a controverted subject just now.

Mr. M. H. Moise, Louisville—I move to extend a rising vote to the speakers of the afternoon for their splendid addresses.

Motion seconded and carried by unanimous rising vote.

Mr. Max Silberberg, Cincinnati—I wish to ask Mr. Pepper a question with respect to the large increase of exports to foreign countries. Is it not due to the great activity of the National Association of Manufacturers?

Mr. Pepper—I certainly think that association has had a great deal to do with extending our foreign commerce.

Mr. A. E. Lombard, Kansas City—Are the courts in South America favorable or unfavorable toward American firms endeavoring to collect debts?

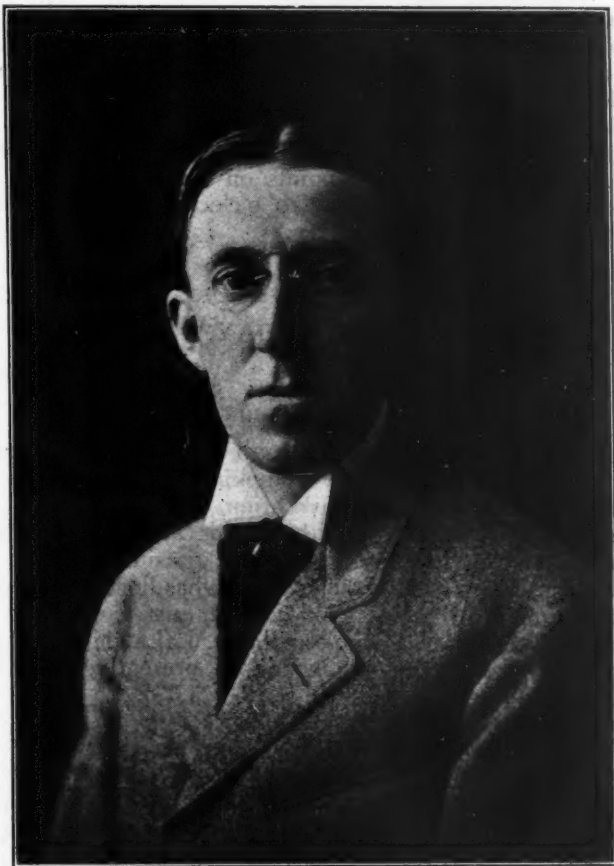
Mr. Pepper—My own observation has been that they are favorable, but I think I may add here that the American firm which understands business in South America has very few bad debts. About a year and a half ago in Peru, the representative of a very large American firm there which does about one-quarter of the entire business on the west coast, told me that in Peru their bad debts for the current year amounted to only  $\frac{1}{4}$  of 1 per cent., and part of that he expected to get back. He had some matters in the courts.

Mr. Kenneth R. Taylor, Cleveland—Is it not a fact that the American cotton growers or exporters are noted for the slovenly way in which they pack the cotton for export? And am I correct in saying that the New York Chamber of Commerce have a floating commercial museum, or something of that kind, which is sent to continental Europe and Asia, to show the articles manufactured in this country?

Mr. Pepper—I just got back from Atlanta day before yesterday where I had been down to talk with some of the railroad people about the bad packing of the American cotton, and I am preparing a pamphlet

which discusses that question. I will say that we are gradually correcting that condition.

As to the floating museum I have not much knowledge. The project has been advertised at several periods, and I have read of it, but I have never seen it, and I do not think it has developed yet. I did not hear of it in Europe in the last six months I have been there. It is a very good idea.



*Director*

HOWARD MARSHALL

Jos. Wild & Company, New York, N. Y.

Mr. William L. Fox, Buffalo—I should like to have your views as to the losses in these Latin American countries and their causes. For instance, is it not true that American manufacturers suffer much less from bankruptcies and insolvencies in these foreign countries than from unjust claims which are made when extensions of credits are given, and as the result of those claims the American manufacturers lose considerable money due to the fact that it does not pay to go to these countries to contest these claims.

Mr. Pepper—I think that is measurably true, but I think the fault is largely with the American manufacturers. There are undoubtedly,

unjust claims made, but at the same time I am sorry to say that the American exporter is very careless himself and is frequently at fault, but my own experience has been that where he carefully examines before he makes shipment and takes ordinary means to satisfy himself as to the condition of the goods, he has very few unjust claims. But unjust claims are not confined to Latin American countries.

Mr. M. E. Bannin, New York—Could Mr. Pepper make some suggestion as to wherein the Credit Men's Association could facilitate a greater and better trade with the countries he has been telling us about? If he could do that, and I do not know that it would be necessary to go in for a long detail just now, but if he could make some suggestion I think the Credit Men's Association might take it up and endeavor to follow his ideas.

Mr. Pepper—I am very much obliged for the suggestion. I will probably submit in writing some points on the subject.

A recess was here taken until 10 o'clock on the morning of the following day.

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#### FOURTH DAY.

Friday, June 18, 1909.

##### MORNING SESSION.

The session was called to order at 10 o'clock by President Gettys, who called upon the Rev. Floyd W. Tompkins, D.D., rector of the Holy Trinity Church to pronounce the invocation.

President Gettys—We have with us this morning a distinguished visitor—I refer to Mr. Frank D. LaLande, president of the National Board of Trade, a citizen of Philadelphia, who has honored us with a call, and I am going to ask him to favor us with just a word of greeting. Will Mr. McKee and Mr. Kanzler escort Mr. LaLande to the platform.

President Gettys—I have the honor of presenting Mr. LaLande. (Great applause.)

Mr. Frank D. LaLande, Philadelphia—

*Mr. President and Gentlemen of the National Association of Credit Men:*

I feel I am in very safe company, as my spiritual adviser is here to keep me straight. (Laughter.) I called in to-day simply to say a few words of welcome and to present my compliments to this distinguished body of men.

For many years I was one of your members. I retired from business about ten years ago, but the firm which bought out my interests has the greatest confidence in this powerful organization and the good its members do one another. They realize, as I did, that the principles upon which you have formed this great organization are constantly at work in it and through it for the betterment of credit conditions throughout the United States.

Last Saturday our greatest merchant, Mr. Wanamaker, asked me if I would not help lay the corner-stone of the great structure he is building near here. I had the honor of taking the silver trowel which he gave me and with it put some mortar under that stone, which is the corner-stone of one of the greatest organizations in our city and in our country.

But a greater organization than all of that is yours—the National Association of Credit Men—for, after all, the foundation of all business



is credit, the belief or the faith between man and man that the contracts made between and among us will be faithfully carried out. Now, I understand that your organization encourages the exchange between all its members of the experience they have had with the various merchants over our country.

In an experience of about forty years in business I found that beyond and better than our commercial agencies, although I believe thoroughly in them, was the experience that came from our fellow-merchants over the country—experience that came right from their ledger accounts. We did a business of about \$3,000,000 a year, quite a successful one, and we owed our credit system more to the exchange of confidences, which we kept strictly, with the various merchants who were our friends, than anything else. You are growing in importance every year; you are more and more respected, because the members of this organization are honest to each other, which is the most important thing of all.

I wish you success in your every undertaking. I hope your deliberations in Philadelphia may raise still higher the standard of the organization. I know you are growing in strength as the years go by and the firm which succeeded me tells me that every day they are receiving thirty to fifty letters from the various members telling them how the merchants pay in their section of the country, and on such information they base their credit.

I hope the foundation stone which you have laid may never crumble, may be strong and solid and sound forever. (Great applause.)

President Gettys—We will have reading of communications by the secretary.

Secretary Meek—Your Auditing Committee appointed by the president makes this report: The Auditing Committee certifies that they have examined the books, accounts and vouchers of the treasurer and find them correct. Respectfully submitted,

F. H. RANDEL,  
O. D. MAXWELL,  
F. R. SALISBURY.

President Gettys—Mr. Fernley has some announcements to make, and while he is before you I will read an aerogram which has been handed me from the United Wireless Telegraph Company. I believe if my recollection is correct that Mr. Fernley stated that he had addressed a telegram to his friend George Washington, in heaven. I do not know whether this message accounts for this delay in transmission, but I will read the telegram. (Laughter.)

“President National Association of Credit Men, Philadelphia, Pennsylvania.

“Never heard of T. James Fernley. Could not be at Valley Forge yesterday. How do you like our weather there?

“G. WASHINGTON.”

(Great laughter and applause.)

Mr. Fernley has the floor. (Laughter.) All I have to say is that George Washington is the loser by not knowing him. (Great laughter.)

Mr. T. James Fernley, Philadelphia—I had a dream last night. I dreamed that I was the editor of a country paper published in the village of Louisville. (Laughter.) I had been in a very large city—in fact in some respects the chief metropolis of this country—St. Louis. An attempt had been made to assassinate a noted statesman, the public was

deeply interested, the St. Louis papers were putting out bulletins in front of their buildings, announcing the condition of the victim by hour and minute. It seemed to me that the feature was one which it might be well to take home to the country village of Louisville. A short time afterwards, as the dream went, information reached me that Mr. Gettys, one of the leading citizens of the village, had been stricken with serious illness. I caused a bulletin to be put on the outside announcing the fact. The crowd gathered. They seemed interested. This was 10 o'clock. At 10.15 I put another one out. Mr. Gettys' condition very serious, family has been summoned. The crowd increased. 10.45. Mr. Gettys' lawyers have been summoned to fix his business affairs. 11.15. Mr. Gettys sinking rapidly. 12.30. Mr. Gettys has gone to his heavenly home. In the dream I left my office, the crowd outside weeping. After awhile it dispersed, and some one who had known him—in fact it was Pattison, of Cleveland, president of the Cleveland association, came along, and underneath the 12.30 announcement of Mr. Gettys having gone to his heavenly home, Pattison wrote: "4.30. Great uncertainty in heaven. Gettys not yet arrived!" (Great laughter.)

A gentleman has handed me this announcement, devoid of all facetiousness: A badge bearing the inscription, "Georgia Bankers' Association, Tybee Island, 1909," has been found. It is thought that it belongs to some delegate of this organization. The gentleman may not be present who lost it—he probably is not—for the badge is in the hands of a barkeeper at 229 South Broad street. (Great laughter.) I assure you that this is not a facetious statement or fictitious address—229 South Broad street—the Georgia delegates will kindly advise this gentleman, if he is not in the room.

In connection with our visit to Valley Forge, I noted that we all were patriotic in taking in the environment—is that all right, "environment?"

President Gettys—It is a very good word.

Mr. Fernley—It indicated that we were all American citizens. They say it is an ill-wind that blows nobody good. I was in my office very early this morning, attending to some routine work, and in going through Independence Square I found a large limb blown from one of the very oldest trees around Independence Hall, and while no man would be safe who would pluck a flower or touch a tree of that historic park, or square, as we call it, which belongs to you, yet the wind had done the work last night, and I plucked some leaves from the limb and laid them here on the president's table. Some of you might want to take a leaf home to remind you of Independence Square. It is one of the original trees and has been there for 150 or more years. I gave a leaf to a lady this morning, and as a result of that I have her enmity. She is a Philadelphia woman, and I can stand for it—she said. "I am very proud to have that; I am a Daughter of the Revolution." In an unguarded moment I said, "Then your father must have been a merry-go-round!"

Secretary Meek—The Committee on Nominations for directors reports the following nominees:

Newman Essick, Los Angeles; W. L. Fox, Buffalo; L. M. Hutchins, Grand Rapids; J. H. Kentnor, St. Louis; W. R. King, Memphis; Oscar Loeffler, Milwaukee; Howard Marshall, New York; George E. Melius, Bridgeport; J. E. O'Neil, Oklahoma City; Enoch Rauh, Pittsburgh; Charles H. Sansom, Newark; J. Edward Stilz, Indianapolis.

President Gettys—Now, after a breath of fresh air and a glass of

metaphorical champagne from Mr. Fernley, we will get down to unfinished business.

We shall now listen to the report of Special Committees on Banking and Currency, Mr. Harry New, Cleveland. (Applause.)

### **Report of the Special Committee on Banking and Currency.**

*To the Officers and Members of the National Association of Credit Men.*

GENTLEMEN:

At the 1908 convention the Committee on Banking and Currency made its first report. Unlike practically all the committees which come before you the Banking and Currency Committee was not organized as a result of resolutions passed by the association in convention, but came into being by vote of the Board of Directors taken at their meeting held at Indianapolis during one of the weeks of the panic of 1907.

We doubt if at that time the Board had in mind that the committee would become a permanent part of our organization, but at the convention of 1908 it was unanimously voted to recommend to this convention that the committee be made a standing committee, because, as the committee said so truly in its report, the banking and currency system of the country is at the foundation of our whole credit system, an intelligent and educated public opinion regarding the system is requisite to any improvements thereto and the National Association of Credit Men can not, therefore, but recognize its duty to help in this advance movement which is so closely related to the work of its membership.

And, while our banking and currency problems are not pressing as persistently for an answer as they were a year and more ago essentially the same system which broke down so completely in the fall of 1907 is being used to-day and now, while reason for haste no longer exists, is the most fitting time to demand that efforts be continued to better our financial systems.

The first endeavor of your Committee has been to arouse enough interest, especially in the large affiliated branches, to secure the appointment of banking and currency committees, as recommended in the report of the 1908 committee. There were two objects sought in this move, that of extending the work of the National Association's Committee, and again that of securing from as many sources as possible suggestions for committee work, for it is clear that as genuinely helpful suggestions may originate with the local committee as with the National Committee.

We are glad to report that our efforts for committee extension have not been without effect, for a large number of the local associations responded by appointing banking and currency committees, some of which have given evidences of a serious purpose to contribute to the thought of the association along these lines.

Your Committee early reached the conclusion that to gain greater effectiveness it should not attempt to embrace the wide sweep of banking and currency subjects, but should concentrate upon some branch of the work which it would hope to comprehend within a reasonable time. Accordingly it decided to fix its attention upon state banking systems, and as the first step, to collect all possible data relating to certain phases of the state banking systems. Your Committee concluded that a study by a local association committee of the banking system of its own state would have the advantage of simplifying the committee's investigation and offer some real hope of exerting a beneficial influence. Again the importance of the soundness of state banks cannot be doubted because

the credit structure may just as surely be endangered by badly managed state institutions as by a weak bank belonging to the national system.

As a guide to local banking and currency committees in studying their respective state systems a series of questions treating vital aspects of the banking business was formulated early in the year and sent to the committees. In order to give these questions the permanent place they deserve we make them a part of this report as follows:

- (1) "Does your state have a state banking department with a superintendent at its head appointed by the governor?"
- (2) "Is your state banking law considered by bankers, lawyers and business men generally adequate in its requirements in the way of
  - (a) Maintenance of reserve,
  - (b) Frequent and searching examinations and authoritative supervision,
  - (c) Prevention of over-extension of credit to heavy borrowers,
  - (d) Penalties for the making of false statements of condition,
  - (e) Economic liquidation in cases of failure?"

Your Committee did not anticipate that the local committees could gather this data satisfactorily within the year; if hastily prepared, the information would have no value and it is hoped that the work outlined upon which the committees have only just made a beginning, will be earnestly prosecuted by the committee which succeeds us. If this hope is realized, not only will the various committees have gained highly useful knowledge through their study, but the association will have performed no inconsiderable service by gathering together information of much importance in such a way as to make comparison between the various states more simple.

We believe it will be generally admitted that the code of laws governing the banking system of New York state is superior to that of any other state, especially in view of the amendments framed by a number of practical bankers and enacted at the session of the legislature of 1908. Of course the state banking system of New York towers in importance far above that of any other states, yet for the purpose of comparison, the laws governing it will be found exceedingly useful to local associations.

From data furnished us by local associations we find that a number of states have quite recently adopted laws governing their banking systems; in others measures are now pending or being prepared to be introduced in the near future.

It is quite clear and bankers themselves admit that they alone cannot bring about reforms in banking systems whose soundness is so important to every citizen. Lay forces must equip themselves so that they can intelligently assist in solving banking problems and again so that they may insist upon reforms being made in spite of opposition from banking powers.

One of the reforms to which your Committee believes the association should give its heartiest support is that of demanding a sense of responsibility on the part of bank directors for the proper and safe conduct of their institutions. The absence of this sense in a large number of directors was one of the unhappy revelations resulting from recent bank investigations. As every member of the association knows, in these investigations many directors maintained that they had no knowledge of serious irregularities in loans, etc., which their bank officers had been guilty of carrying on, perhaps year after year. That this condition is



harmful to general confidence needs no argument here. That this is one of the weakest spots in the banking system of this country is recognized by recent changes in the New York state laws, which require that each individual director shall at each board meeting receive a written list of all loans above a certain figure made since the last meeting, which statement shall also exhibit previously outstanding loans made to such names as appear on the new loan list. Moreover the records must show that these loan sheets were given each director so that none can deny that full information was given him.

That directors shall have due sense of their responsibility is also the demand of the Comptroller of the Currency, Lawrence O. Murray, who last year formulated a now famous list of twenty-nine (29) questions to be put to the board of directors by every bank examiner as he undertakes the examination of its bank. The good work is therefore started and if it can be made clear in every branch of our banking system that the public will no longer tolerate in directors a lack of knowledge of that which is going on in their institutions, perhaps more will have been done to raise the standard of banking in this country than can be accomplished in any other way. We recommend that local banking committees give special attention to the practicability of introducing in their states as good a measure as the New York law provides on this subject.

It has often been said that it is not lack of law but absence of means or inclination to enforce laws which is at the root of many evils of which we complain, so while a state may have plenty of requirements and restrictions surrounding its banks there is lacking the means of seeing that they are complied with, and hence violations go on undiscovered. It is for this reason that we especially urge the local associations to work for a distinct state banking department wherever the state banking system is important enough to warrant it. If properly managed this department will become a great factor for safety.

This association should never fail to discountenance banking institutions which conduct their business without proper regard for those policies which give stability and security to commerce. The scramble for deposits which we see around us carries with it vast danger. High interest rates go on when to pay them offends economic, safe and sound banking principles, and other less dignified but no less unsafe practices are indulged in to the end that deposits may be piled up which only increases the danger. We do not decry the payment of interest on deposits but the abuse of the system, which has become vastly too great.

The cure is difficult to suggest except that we point out as opportunity permits that the safety of deposits is much more important than any interest that may be secured on them. We also recommend that the whole question of interest on deposits be discussed by leading bankers in the columns of the BULLETIN.

Thus far your Committee has made no suggestions regarding the attitude of the association on national banking and currency problems. As all know the country is awaiting the report of the National Monetary Commission created by the Sixtieth Congress. We feel, however, that it is highly desirable that the association keep thoroughly posted regarding what the various business organizations of the country are doing in the matter of currency reform, and also that there should be co-operative effort on the part of business men and bankers in awakening a public interest and enlightening the public mind in currency matters and in insisting that further attempts to change the currency laws shall be free from the demands of political exigency.

A number of prominent commercial organizations have taken up the question of currency reform, but are also awaiting the report of the National Monetary Commission. Your Committee has had presented to it from time to time a number of suggestions by our local banking and currency committees, plans and suggestions of changes in our currency and banking systems, some of which contain many features of merit and are worthy of consideration, but it has been deemed wise by your Committee not to make public at this time any of these reports.

Several months ago a meeting was called in New York of commercial and civic organizations of the country to take up the entire question of currency reform, and at that meeting it was decided to form the National Currency League, which is to embody a federation of these organizations for the purpose of making widespread study of this question and through its affiliated organizations give due consideration to any proposed legislation.

We therefore believe that it would be well to authorize the incoming banking and currency committee to take out a membership in the National Currency League.

In conclusion we offer the following resolutions:

*"Resolved, That the officers of the association be requested to work for an extension of interest among the membership in our banking and currency systems by encouraging so far as possible the appointment of banking and currency committees in all local associations."*

*"Resolved, That the efforts of the incoming banking and currency committee be directed during the year mainly to collecting information regarding the management of state banking institutions and to arousing an interest in the establishment of distinct banking departments for all states where conditions warrant, with such authority to protect the public as has been found necessary in those states having the best developed banking systems."*

*"Resolved, That the association cordially support any attempt to demand of the directors of banking institutions individually, and severally, a proper sense of their responsibility in the lawful and safe conduct of their banks."*

*"Resolved, That authority be given the incoming banking and currency committee to take out in the name of the association a membership in the National Currency League."*

Respectfully submitted,

ANTHONY LAMB,  
E. B. RUTHERFORD,  
GEO. GUCKENBERGER,  
T. M. SALTER,  
HARRY NEW, *Chairman.*

President Gettys—The report of the Currency Committee has been received. The secretary will please read Resolution 1.

*"Resolved, That the officers of the association be requested to work for an extension of interest among the membership in our banking and currency systems by encouraging so far as possible the appointment of banking and currency committees in all local associations."*

Mr. William Crane Andrews, New York—I move the adoption of the resolution.

Seconded and adopted unanimously.

*"Resolved, That the efforts of the incoming banking and currency committee be directed during the year mainly to collecting information regarding the management of state banking institutions and to arousing an interest in the establishment of distinct banking departments for all states where conditions warrant, with such authority to protect the public as has been found necessary in those states having the best developed banking systems."*

Mr. F. W. Risque, St. Louis—I move the adoption of the resolution. Motion seconded and unanimously carried.

*"Resolved, That the association cordially support any attempt to demand of the directors of banking institutions individually and severally, a proper sense of their responsibility in the lawful and safe conduct of their banks."*

Mr. M. H. Moise, Louisville—I move the adoption of the resolution. Seconded and unanimously adopted.

*"Resolved, That authority be given the incoming banking and currency committee to take out in the name of the association a membership in the National Currency League."*

Mr. Harry New, of Cleveland, moved the adoption of the resolution.

Seconded and unanimously adopted.

President Gettys—Does the chairman of the committee know what the membership fee is in the National Currency League?

Secretary Meek—I do not believe there is any membership fee at the present time.

Mr. Harry New, Cleveland—A meeting of the league was called in New York by the Merchants' Association who sent invitations to all Chambers of Commerce and civic bodies the country over, and they appointed a smaller committee of about thirty-six who again appointed a smaller committee of seven, and the last named committee is now forming this Currency League. The expense is very small.

President Gettys—Are there any other resolutions coming under the head of the Committee on Banking and Currency? If not, we will pass to the report of the Committee on Federal Incorporation Law. In accordance with the resolution emanating from the Cleveland association of Credit Men, the president appointed a special committee to investigate this subject. Mr. A. J. Gaehr, of Cleveland, the chairman, is unavoidably absent, and the report will be read by Mr. H. E. Hackenberg.

Mr. H. E. Hackenberg—(Before reading the report.) I would like to say that Mr. Gaehr, the chairman of this committee, was prevented from coming to this convention by sickness, as were also several other prominent members of our association, including Mr. Robbins, Mr. Shook, Mr. Fish and Mr. Beebe.

### **Report of the Committee on Federal Incorporation Law.**

Your Committee appointed under the Denver convention resolution "to investigate the subject of a Federal Incorporation Law, with a view to recommending to Congress, through the Board of Directors, essential features of it relating to credit, in particular to designate the nature of payment of capital stock and any other desirable element," has examined all bills introduced in Congress during the last year, pro-

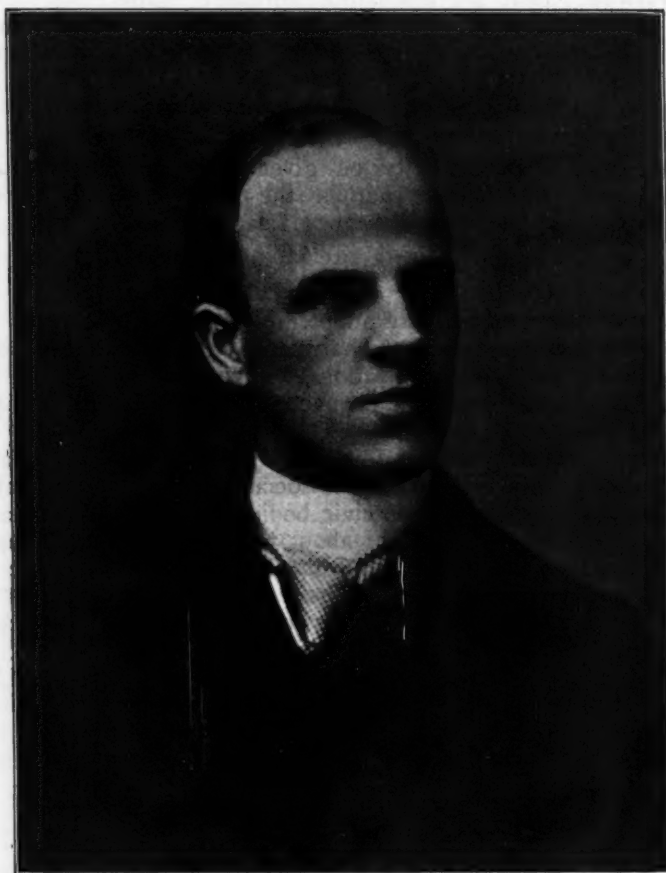
posing a Federal Incorporation Law, has given the subject matter careful consideration, and begs leave to submit this report.

During the last year five bills were introduced into Congress, namely,

H. R. 6168, by Mr. Birdsall; H. R., 9124, by Mr. Laning; H. R. 16282, by Mr. Mann; S. 1479, by Sen. Platt; S. 4874, by Sen. Nelson.

House Bill 6168 may, for our purposes be disregarded, as it relates to transportation companies only.

H. R. 9124 is an attempt at codification of the corporation law, which we cannot consider as successful. The language in parts is



*Chairman Special Committee on Federal Incorporation Law*

A. J. GAEHR

Geo. Worthington Company, Cleveland, Ohio

cumbersome and crude, the thought not clearly expressed, and it seems that in many instances the penalties provided for violation of the law are prompted by a spirit of revenge rather than one of correction and prohibition of further abuse.

H. R. 16282 is good in parts, but incomplete. Section three contains commendable elements, which provide for a periodical examination of the books and conditions of the corporation by a Commissioner



of Corporations, at least once in three years. Section four provides that if an unsound condition is found, or if an examination discloses that a company is doing an illegal business, an order shall be issued at once to cause it to make good its financial condition, and to desist from its illegal business, in default or violation of which the charter shall be revoked.

S. 1479 contains a section that seems fair, although the bill is too brief and incomplete. Section three merely provides that in case of refusal on the part of the corporation to grant an examination of the books or conditions, the charter shall be revoked, and in case of bankruptcy or insolvency the Commissioner shall wind up the affairs of the company as expeditiously as possible.

The same criticism applies to S. 4874, namely, that it is good in parts, but incomplete. Section four provides that the life of a charter of a corporation shall not exceed fifty years, and that the company shall be known as — Interstate Commerce Company, and it also has some provision with reference to the payment of capital stock, namely, that in case property or labor is taken in payment of stock, it shall be received only at a fair valuation. Section eight prescribes that no company shall be permitted to undertake any business except to perfect an organization and to receive subscriptions to stock, until the required 75 per cent. of the entire stock named in the articles of incorporation, termed original stock, has been subscribed, and until 50 per cent. of such subscriptions has been paid in, and until evidence of such subscriptions having been paid has been presented by way of affidavits and filed with the Commissioner of Corporations. Section ten provides for only one class of original stock, that certificates issued for such original stock shall specify the amount that has been paid in and the amount that is subject to unsatisfied or future calls, and that stockholders shall be jointly and severally liable, without call, to judgment creditors whose executions have been returned unsatisfied in whole or in part, for all unpaid subscriptions on stock owned by them or transferred by them colorably to avoid liability, or for the purpose of defrauding the creditors. It would seem that this last section should include all creditors, not only judgment creditors.

Section eleven provides that the property or labor to be taken in payment of stock shall not be accepted except after a fair appraisal by the Board of Directors, and that the members of the Board shall be jointly and severally personally accountable to the company or its stockholders and creditors for any loss which any of them may sustain in consequence of the appraisal, "which is actually or constructively fraudulent, or palpably and clearly excessive, or materially beyond the fair value."

Section twelve rules that Directors of the company shall really direct and not delegate their duties.

Section seventeen prescribes that the Directors shall keep a full and true report of all accounts and transactions of the Board pertaining to the business affairs of the company, and a report of the business done, at the meetings or otherwise, and a list of the votes on every motion or proposition consented to or acted upon by the Board, and the names of the Directors voting in the affirmative, and the names of those voting in the negative.

Section twenty-two makes it mandatory that every company file during the month of January or at the end of its fiscal year a statement detailing the following facts: the number of shares of stock, original

and additional, issued and outstanding; the owners or holders of such shares as appear on the books of the company, and the amount that has been paid on each subscription of such share in cash, property or labor; the amount and number of bonds issued and the rate of interest they bear; the amount realized on such bonds; the name and amount and nature of every other debt of the company, names of the creditors and other information. The latter seems rather burdensome, and not quite necessary.

The need of a Federal Incorporation Law has been urged with vigor and ability, and it has been asserted that the conditions under which the problem has developed have been the following:

First. Exclusive power of the National Government to control Interstate Commerce.

Second. The unprecedented growth of corporations and corporate power.

Third. Power of corporations to engage in interstate commerce.

Fourth. Inaction of Congress in regulating such commerce.

Advocates of a federal law have pointed out to us that as early as 1786 the Virginia legislature passed a resolution upon a report by Washington and others, and suggested by Madison, inviting commissioners from all the States to meet in Annapolis in September, 1786; "To take into consideration the trade of the United States, to consider how far a uniform system in their commercial regulations may be necessary to their common interest and their *permanent harmony*."

Only five states responded to the call and nothing could be done except to recommend the calling of another convention. Hamilton wrote the report and call of the commissioners, saying:

"In the course of their reflections \* \* \* they have been induced to think that the power of regulating trade is of such comprehensive extent, and will enter so far into the general system of the Federal government that to give it efficacy and to obviate questions and doubts concerning its precise nature and limits may require a correspondent adjustment of the other parts of the Federal system," and advised that commissioners be appointed by the States to meet at Philadelphia in May, 1787,

"To take into consideration the situation of the United States, to devise such further provisions as shall appear to them necessary, to render the Constitution of the Federal government adequate to the exigencies of the Union, and report, etc."

It was also urged upon our attention that in 1782 Mr. James Wilson laid down the doctrine that,

"Whenever an object occurs, to the direction of which no particular state is competent, the management of it must of necessity belong to the United States in Congress assembled."

And in the constitutional convention of 1787 Mr. Madison twice moved that "Congress have power to grant charters to corporations in cases where the public good may require them and the authority of a state may be incompetent." It was rejected partly because it was thought unnecessary, and also because it might lead to creation of monopolies. Mr. Wilson thought it necessary to prevent a State from obstructing general welfare, and observed that mercantile monopolies are already included in the power to regulate trade.

It is unnecessary to review the history of corporations and the conditions and problems confronting us from that time to the present date; it suffices to say that many of the advocates of a National Cor-

poration Law believe it to be necessary, despite the incident legal difficulties, because of the diversity of the State Laws, and the sometimes vexatious and burdensome conditions imposed upon foreign corporations, and also because of the national scope of the problem. Our views may differ as to this question, but this is certain, we agree on the proposition that the only attitude of the government and all parties with reference to the corporation law problem must be one of helpful and constructive criticism. We must build up, not tear down. The question will never be solved by simply wiping out the corporation and returning to trade conditions prevailing a century ago, nor can we expect a solution by simply plucking off the bad fruits of the present condition and ignoring the root of the evil. The conditions require a thorough-going, far-seeing, constructive treatment, the laying of secure foundations for the future.

Your Committee is of the opinion that inasmuch as the corporation question will be kept alive and undoubtedly some national law will be enacted, a responsibility rests upon this organization, and business men in general demanding efficient aid in a proper solution of this important question. We can ill afford to ignore it, for inaction or unwise action on the part of business men would result in continued activity by politicians who have only one interest to serve. They would continue to keep the corporation question alive, offer their hasty nostrums and passionate dogmas, and seek to influence legislation in their own peculiar way, to the detriment of legitimate business interests. We do not criticize those in public offices who have honestly and earnestly sought to cure the evils. We urge, however, that this is a problem to be solved by the "Statesmen of Commerce," with a statesmanlike breadth of view.

With a proper degree of modesty we may say that whenever similar duties have been imposed business men have responded nobly. This question will not be solved within a short time. We believe it will require years of study, not only from the fact that the problem in hand is one of grave importance, but also because we have been making corporation law pretty fast during the last few years, and the end is not yet. *We believe that there must be an advance along the entire line*, that by enacting Federal Corporation Laws we are not exempt from the duty of improving the State Corporation Laws, and for the purpose of having a uniform advance your Committee recommends that the Commissioners on Uniform State Laws be requested to expedite the work of their committee on Uniform Incorporation Law, and that this association pledge its best efforts to aid in the securing of a fair, reasonable and comprehensive solution.

We believe the following elements should be considered:

First. The fact that it shall be purely voluntary for any concern to take out a National Charter in preference to a State Charter.

Second. Sufficient solemnity about the act of organization.

Third. Proper articles of organization.

Fourth. Payment of capital stock, whether by cash, patents, claims, or any manner other than cash.

Fifth. Proper supervision on the part of the Board of Directors or other body accepting merchandise or other supposed or real values in payment of stock, and regulation of the time in which this stock shall be paid.

Sixth. The filing of an affidavit that a sufficient amount of working capital has been paid in, said affidavit to be filed by the Board of Directors.

Seventh. Proper amount of subscription to stock prior to beginning of business, and a final payment of such subscriptions.

Eighth. Stockholders' liability for unpaid stock.

Ninth. Minimum amount of capital stock necessary for any organization.

Tenth. A proper statement to be filed once a year.

Eleventh. The amount of stock to be issued, and the value of each share.

Twelfth. The relation of the promoters to the corporation, and the prospectus issued by them, and any papers of value turned over by them, and the contracts made by such promoters.

Thirteenth. Regulating that in case the entire assets of a company are mortgaged, the amount of the indebtedness shall not exceed, say 50 per cent. of said assets, the object being to protect innocent stockholders.

Fourteenth. Increase or decrease of the stock by dividends to be paid, so that there shall be no impairment of the assets by improper payment of dividends.

Your Committee gratefully acknowledges its indebtedness to Judge P. Grosscup, and Prof. H. L. Wilgus, for their helpful articles, written on this question. We made free use of them.

Your Committee has examined a proposed draft of a Federal Incorporation Law by Professor Wilgus, and finds it contains many elements of merit. We recommend that this draft be used as a basis of discussion, and we also express the opinion that the passage of all bills that may be introduced looking toward Federal Incorporation Laws should be opposed until the subject has been carefully and thoroughly considered, and mature conclusions reached. We can well afford to make haste slowly, and devote whatever time may be necessary to a careful consideration of this question, and we can ill afford to rush over a subject affecting our commercial welfare.

In conclusion we wish to say briefly that we do not believe in restriction, but wholesome, sane and efficient regulation. We believe in a law that properly safeguards the rights of the individual and the interest of the commonwealth, not disturbing, however, the free play of energy, initiative and industry of honest business men.

We believe, as has been said, that "if we can meet these evils in the States and Nation, by limiting rather than extending the powers and bureaucratic activities of the government, by legislative and judicial, rather than by executive remedies, by preserving rather than by impairing the rights and safeguards of the individual, we shall have made a step backward from the danger that confronts us, and a long step forward in the path of permanent reform and triumphant democracy."

Respectfully submitted,

THOS. P. ROBBINS,  
E. E. NORTHWAY,  
H. E. HACKENBERG,  
O. K. BROOKS,  
A. J. GAEHR, *Chairman.*

Mr. Hackenberg—I would like to say here that in the printed copy of the resolution there is a slight error made, and I will read the resolution as offered by the committee:

"WHEREAS, Great diversity exists in incorporation laws of the several states, and



"WHEREAS, There appears to be a growing demand for the enactment of a federal incorporation law, and

"WHEREAS, Several measures providing for such a law have been introduced into Congress, therefore, be it

"Resolved, That a special committee be continued and be asked to include, if possible, in its report to the next convention, a statement which will present the reasons which would actuate incorporators to elect to organize under a national law, the exact relations which it is expected such a corporation would sustain to the several states, the existing abuses which will probably be remedied and the classes of business or occupations which ought to be included within the purview of a national incorporation law, and further, be it

"Resolved, That the Association here endorses the action of the Commissioners on Uniform State Laws in undertaking to draft a model state incorporation law, and we pledge to the commissioners our most earnest efforts, both in the work of preparing such law and in securing its general adoption."

President Gettys—The report of the committee has been received, and the secretary will read the resolution.

The secretary then read the resolution just stated.

Mr. J. W. Spangler, of Seattle, moved the adoption of the resolution. Seconded and unanimously adopted.

President Gettys—Are there any other resolutions coming under the head of this committee?

Gentlemen, in every household there are certain words, certain remedies for things which we call household words or household terms. During the past two years the credit men of the United States have learned to adopt the name of a certain congressman as a household word, due to his efforts in furthering matters of legislation which this association is very much interested in. We have been successful, notwithstanding the fact that the so-called Sherley bill has not yet become a law, because we have gained success in defeat. The end is not yet. The purpose of my remarks is simply preliminary to the honor and pleasure which I am going to have at this moment of introducing to this body of men the Hon. Swagar Sherley, of Kentucky.

(The convention rose.)

I will ask Mr. Marshall and Mr. Norton to escort Mr. Sherley to the platform.

(This was done amid great applause.)

#### ADDRESS OF THE HON. SWAGAR SHERLEY.

MR. PRESIDENT AND GENTLEMEN OF THE CREDIT MEN'S ASSOCIATION:

I have been defending at various times this organization, and just at this moment I feel as if I would have to take back some of the things I said, because I came here on an express promise—not only one that was expressed but written. Your president telegraphed me saying to come over and see the boys and I would not have to make a speech. I am always glad to renew acquaintance with my many friends of this organization, but only that promise made me come.

But since you have so graciously and warmly greeted me perhaps I can supplement what has no doubt been formally laid before your association as to the action that was taken in Congress in the last session, looking to some amendments of the bankrupt law. I am not

going to talk bankruptcy, because I have done so much of it lately not only in Washington but over the country that I am just a bit tracksores on that subject.

But I want to tell you just the situation in a congressional sense, because that, of course, you are interested in. I introduced the bill at the beginning of the last Congress, a bill that bore my name, though it represented not so much my judgment as that of the ablest bankruptcy experts in America, and had the entire approval of this association.

After a good deal of difficulty, due to the press of other matters before the judiciary committee, and due also to some rather aggressive opposition to the bill itself, I was enabled to get from the committee a report of the bill substantially in the form in which it was introduced, with only one or two provisions stricken out. One provision I regretted very much, namely, the limitation of the voluntary features of the law to debtors who owe over \$500.

Then came the problem of getting the bill up for consideration in Congress, for you will realize that with 40,000 odd bills introduced it becomes somewhat of a problem to get consideration for any bill that is not in the nature of a supply bill for the government.

I finally succeeded in getting a rule that enabled me upon a certain day to make this bill the special order for the consideration of the House, and succeeded in having it called up at that time, and after a rather strenuous fight we carried it through the House by a substantial majority without one change.

Unfortunately by this time we were approaching the end of the short session of Congress. The bill, of course, had to go to the Senate and be considered by their committee on judiciary, and then acted upon by that body. The time was so short that the Senate Judiciary Committee abandoned the consideration of the bill, after a great deal of pressure had been brought to bear both by your officers and myself and others interested in the fate of the bill.

The result was that we are now where we started, with this advantage, that there has been a tremendous amount of educative work done, and the personnel of the House, which is very largely that of the former Congress, has been educated, not only to the value of the law, but to the insistent demand there is among the business men of America that it should be perfected and made a permanent part of the law of the land.

Our time, therefore, has not been wasted, but I feel that I cannot come before you as I had hoped to do in the rôle of a victor, but simply as one who made the best fight he could and who promises to have the bill considered at the earliest possible moment at the regular session this fall, and before this Congress has died I believe you will see all of those amendments enacted into law. (Applause.)

Most of the opposition to the bill came, as was anticipated, from the South, for several reasons, one an inherited prejudice against the federal courts, warranted at one time by the character of federal judges that we had in the South, but now happily, that condition has passed away, though some of the prejudice has not; and, secondly, an even stronger opposition was caused by the local attorneys and local officials familiar with state courts practice who resent being forced into the federal courts in matters involving insolvent estates. Again we had to meet the opposition of local bankers who have been accustomed to getting preferences under state laws and objected to having

their natural advantage of nearness to the debtor interfered with, in getting the lion's share of the estate of a failing debtor.

These reasons while appealing strongly to certain individuals do not appeal to the equitable sense of the American people; and I believe that if there has been one great change in the conscience of the men of America it is in a fuller realization that the old answer of Cain no longer can be given; that we are our brother's keeper, and that the world demands of the business community the highest order of fair dealing, and that fair dealing means equity of dealing between those similarly situated. (Applause.) Believing that, I cannot believe that we will find as much opposition in the South as we have heretofore.

Then there was some opposition in one or two places in the East, due to complaints against the administration of the law, and I have taken occasion whenever I addressed business men on this subject to say that if the law has been badly administered, the responsibility is largely with them. There is no community in the world where the white light of publicity has the same effect that it has in America, and if there are federal judges who have appointed receivers who were not needed or have let those receivers obtain excessive fees, you need only bring that fact clearly to the conscience of the people, and they will correct the abuse.

But there has been a tendency on the part of business men to say to themselves, when they had a claim of no great magnitude, "Oh, I will simply file my claim and what I get out of it is that much to the good; and I will not go to the expense of employing counsel to see to it that the estate is properly administered, because my share, probably would not make it worth while."

And while this might be true in that particular case in hand, the result of such filing is that many creditors neglecting their duty to see that the law is properly enforced, enable a few people to manage the affair largely to suit themselves, and make it possible for these abuses in the way of excessive fees, etc., to grow up; and so if that complaint is well grounded—and in some instances it seems to be—the fault lies with the business community, and it is with them to correct it whenever they please.

And you will make my task easier, you will make the task of those who believe in the absolute necessity for the maintenance of this law easier if you will bring to its administration your own zeal and efforts to prevent these excessive abuses.

Now, just one other word in connection with expense, because it is well to bear it in mind when you meet the critics of the law. A large part of the statistics as to bankruptcy cases are misleading, through failure to regard this fact: that in bankruptcy you have many cases brought by men who have no assets, who desire simply to get relief for their debts and get a new start in life. I do not mean that such are not sometimes proper cases; there are frequently instances when it is well for the community that a man should be given a new start in life; but the result is to make the average of dividends paid seem very much less in comparison with the listed liabilities than they actually are as compared with state court cases, because in the state courts men without any assets do not go through the courts; they have nothing to gain by it; there is nothing to distribute; and being unable to be relieved through the state insolvency law, those cases do not reach the court and do not form a part of

state statistics. Therefore, you will frequently find that the reports of state assignment laws will show apparently a larger percentage of distribution of assets than under the bankruptcy law, but if you will eliminate the cases where there are no assets, and where the creditor would get nothing whether the matter were brought into court or not, you will find to the credit of the bankruptcy law a very much larger percentage of dividends than under the old statute assignment laws. This fact should be made known to the business community, for with it well known will vanish a large part of the opposition to the natural law.

Now, being somewhat in earnest and full of my subject, I find that I have disobeyed my own promise, and have almost made you a speech. Permit me to thank you again for your courteous greeting and for the many courtesies that I have received at the hands of different members, and particularly at the hands of the officers of your organization. (Great applause.)

President Gettys—Mr. Kanzler, of New York, has the floor.

Mr. Hugo Kanzler, New York—In order further to demonstrate how near Mr. Sherley is to the hearts of the credit men, I will propose three cheers.

(Three enthusiastic cheers given for Mr. Sherley.)

President Gettys—We now pass to the heading, "Short Talks by Members." The first will be "The Value of One to Another," by Mr. S. G. Rosson, Baltimore. (Great applause.)

#### ADDRESS OF MR. S. G. ROSSON.

MR. CHAIRMAN AND FELLOW CREDIT MEN, LADIES AND GENTLEMEN:

Being a credit man myself, I am somewhat familiar with the shocks to which most of us are accustomed in the performance of our duties, and I feel that out of human sympathy I ought to prepare you for what you are about to receive.

I began to prepare my speech for this occasion, possibly not fully recognizing just what it meant, but I made an effort at it, wrote it up and handed it to a friend of mine one day, and said, "Take this home with you, read it and think it over, have lunch with me to-morrow, and tell me what you think of it." He did.

At lunch next day he was rather slow to express himself, and the speech was not mentioned, and finally I said, "What did you think of that speech?" He hesitated, and said, "Do you want me to be honest with you or do you want me to lie to you?" I said, "You needn't do either. I understand." (Laughter.)

But later on during the luncheon I began to recognize that it would be necessary for me to get up something that might be passable, if it could be done, and I thought I had better draw my friend out a little bit, and I said to him, "About that speech, what would you suggest taking out of it?" He hesitated again, and finally said, "Frankly, I would suggest that you write another one." (Laughter.)

Yesterday I said to my wife, "Mary, I want to read that speech over to you to-day," and she said, "I positively will not listen to that speech again." (Laughter.) I came to this convention to enjoy myself." (Laughter.) I again began to feel that possibly I had gotten out of my element, and should not have undertaken such a task. It reminded me just a little bit of an extract from a speech that I happened to notice,



made by an Italian citizen of the city of Louisville, Kentucky, some years ago, when they had a very heated contest on for the mayoralty. The Italians were having a rally at a hall one evening, and one of them in making a speech, referring to the opposing candidate, said, "Eaf Cristoph Colum had-a ever thought such a man would ever be mayor of dees-a great city, he never would have discovered America." (Laughter.)

This may be said to be a dependent age—one upon another, for his own advancement. Interests and institutions have become so large, so international in scope, as to be beyond one man's power. Old Gorgon Graham says, "There isn't any such thing as being your own boss unless you are a tramp, and then there's the constable." We accomplish most along lines of least resistance and to do this best we must have some good for the other fellow in our plans. We must admit that selfishness inspires our most effective efforts; nothing else has such staying qualities. If we can have our undertakings conform to the selfish interests of others we will have plenty of help in their accomplishment. I am a member of the National Association of Credit Men because I am selfish—it is to my interest. I am introduced and recommended to over eleven thousand credit men by my membership. The credit man to-day who is outside the association is lonesome—he is missing something. He is working alone while eleven thousand others are working together and using each other to mutual advantage. It is practically only through the existence of credit men's associations that credit men have begun to realize the value of one to another.

This is an age of association: association of money, association of brains, association of efforts, and association of associations. The emphasis of the individual is of possibly less importance to-day in every form of our lives than in any period of history; not that he is less, but that he is forced to become a part of something so much greater than himself that his individuality becomes secondary. Few businesses are any longer the impersonation of one man's money and brains, but the brains and efforts of many commercial leaders. The combinations of men are the units of to-day and the world has begun to realize the fact that we, as individuals, are something to others and they are much more to us.

We need one another in the accomplishment of success in its every form; for the existence of our very happiness, in fact. Man is a social being—unless, perhaps, he is a credit man; association is one of his earliest instincts. He can accomplish little without it, and while its importance is growing on us, we have possibly not yet fully recognized its vital needs.

How much do we accomplish to-day in joint undertaking, which, in all probability could not be accomplished through individual or separate effort? Let's see what we get from it from a standpoint of business; let's see what we accomplish by united effort which so distributes the expense as to make it unworthy of notice in comparison with the results as against the efforts of the individual.

To directly illustrate, in one of our large cities some time ago a telephone company had been charging patrons \$50 a year more than its legal rate. One man would not have had the courage, on account of the expense involved, to take up the case and force a correct charge on the part of the company, as in all probability it would have cost him more money than the excess cost of his telephone for years to come, but a local business men's association did take it up and compelled the company to

give service at the legal rate. This one effort is saving each subscriber \$50 a year, or twice the annual dues to that association.

The necessity of standing together has largely obliterated the personal differences of men. It has given them a better understanding of each other, it has given them more confidence in each other, it has taken away the timidity of competitors when drawn in contact. It has made them regard each other as men, it has made them friends, it has made them money; and, strange to say, one of the greatest arteries of business is just waking up to its full opportunity through united effort—the credit men of the country.

We have, in our National Association of Credit Men, upwards of eleven thousand members, representing an enormous capital, each one of these men distributing the capital of his concern several times over each year through the extension of credits to customers. It is a great responsibility; it means much to his institution, it means much to the creation and maintenance of business stability throughout the country, and it means much to himself. The way in which he lends capital in the form of credit to an institution, the careful way in which he draws in the investment with such graduation as to allow his debtor to meet his demands without undue sacrifice, again selling and again collecting with due caution, allowing a profit each time to the creditor and the debtor, and for the up-building of both, means much. To this end we can accomplish a great deal through the acquaintance of other credit men, a knowledge of universal customs, a timely realization of tendencies, and so modernize ourselves as to make us still more useful in our profession.

If credit men better knew each other it would make them better credit men; anyone can teach and all can learn. How often do we find a merchant existing largely on the capital of his creditors, exposing a condition, almost suddenly, of the fact that some of us are simply supplying goods to pay another's debt and creating a sinking fund for the debtor all the time. At every creditors' meeting we find out how much we did not know and how much we should have known and what it costs us. The remedy is plain: get together and learn conditions from one another before, rather than after, a calamity.

About ninety per cent. of the commercial business of the world to-day is transacted on credit. It must, therefore, be hard to find a field more necessary or more vital to the interests of an institution or the country than credit work, and the importance of the credit man is becoming more recognized. In earlier periods, when business was smaller, when the head of an institution knew personally almost its every customer, when debtors settled twice a year—sometimes—when they could keep in touch with the tendency of their trade, and when the margin of profits was larger, there was really not the same necessity or dependence upon one another as institutions and credit men as there is to-day, owing to the fact that we must get our knowledge of the trade, not so much from the customer and from contact with him, as from his creditors and the nature of his dealings with them. We do business with our trade to-day more from a standpoint of the advantage we make it to them. The credit man's great problem is to do a constantly increasing business with the lowest possible percentage of loss—anything to produce these extremes means much to him, and he has before him an enormous field for effort.

If you will pardon a little digression, I would like to touch on the betterment of laws in the interest of the deserving and the creditor

class—for better laws we must unite our efforts for the reason that our individual undertakings are not sufficient, and they are too costly.

We are often saved much by the natural honesty of the average citizen, or by the ignorance and inability of many of the other class to carry out a campaign of fraud by taking advantage of the laws of the land which permit it. The credit man, however, should never allow himself to fear that the world, instead of being round, is crooked.

A merchant once offered to wager that he could pick his man in the penitentiary, give him \$2,000, start him in business in the state of Texas and make him fail in two years for \$50,000; have his assets largely converted into exempted property and pay his creditors almost nothing. Think of the possibilities! Ten men could form a partnership in Georgia, fail, and be entitled to \$1,600 each—\$16,000 in exemptions. In Florida or Texas a merchant can convert his assets into a \$100,000 hotel, move into it, fail, and it is exempt. This very illustration stood the test of the courts in the state of Florida some years ago. It requires a good bit of credit instinct and training to insure fair results in view of the exemption laws and scant facts to guide and protect the credit man. In fact, bad debts cause many failures among wholesalers.

Many of our unreasonable exemption laws exist in states in which there is not large jobbing or manufacturing interests; the South, for instance, but where they largely draw their supplies from other states. And this, to my mind, is not because of a local intention to continue such laws so much as a lack of effort and interest in their improvement. I believe there is hardly a state in the Union whose legislature would fail to seriously consider a petition for the changing of their laws properly put and signed by a good majority of jobbing and manufacturing interests doing business in the state.

The credit men have succeeded in passing bulk sale laws in many states; is it not reasonable to expect that exemption laws could be improved by our efforts as well?

Now that we have a National Bankruptcy Law we need better exemption laws to reap proper benefits from it—for it is a fact that, in many states, to many bankrupts the present laws have the effect of giving a man all his property and a receipt for his debts, with practically nothing for creditors, and it is partly to this fact that I attribute some of the opposition to the bankruptcy law to-day. The fight should not be made on the bankruptcy law but on state exemption laws where the assets are absorbed. A large part of our losses go into exemptions; this is not theory—it is fact.

This is something we have been leaving for the other fellow to do, but it is a subject of the greatest importance and every one of us is affected. Better exemption laws should enable us to sell where we now often hesitate, and enable us to collect more when we sustain a loss.

How often, with a small offer of compromise, comes the reminder of the liberal exemption laws as a convincing argument for its acceptance, and we must also realize the hardship forced upon a merchant who wishes to pay his debts in full by being compelled to compete with one who does not pay for his goods. Make this plain to the well meaning merchant and he will see his interests are in more reasonable laws, and he will help us.

I can call to mind several cases of interest: A concern in Georgia recently failed and their entire assets were consumed by the exemptions of \$3,200 for the two partners. It was a small failure and creditors should otherwise have received a fair dividend. In three other recent

failures in Georgia the entire assets were consumed by the exemptions and creditors got nothing, whereas from the amount involved they should have received fair dividends under reasonable laws.

We must also recognize that the allotment of exemptions is most liberal. In North Carolina a creditor recently offered the bankrupt \$750 in cash for the goods allotted to him as his exemption of \$500, and he refused to take it.

In Delaware are three counties, each of which has a different exemption law as do separate states. Many of our states have exemption laws created when everybody was a farmer and largely his own merchant, when means of transportation were so slow and so crude as to make merchants few and far between. Read the exemption law of the State of Kentucky! Almost every utensil about a farm and farm house is itemized; it exempts the old spinning-wheel, and the spun yarn and cloth manufactured by the family; the ox team and the cradle were not forgotten.

I do not understand how the ambitious legislator has let the exemption laws sleep so long; modern conditions and progress make many of them ridiculous to-day. To my mind, a uniform exemption law allowing \$500 only to each concern, to be divided among its partners in cases of more than one member, would be reasonable and fair.

Many have the idea that an unreasonable exemption law exists by intention on the part of local legislators. This I do not believe to be the case. They exist because of an improper realization of the advantage to their constituents of laws which will not invite fraud but which encourage the building up of their communities with lasting merchants.

We are hearing considerable of the codification of laws. Keep it up! The serious defect in the National Bankruptcy Law, to my mind, is the recognizing of the several state exemption laws, and it seems to me that a determined effort ought to be made on the part of this association to bring about uniform and fair exemption laws. We should be able now to command sufficient influence and means to undertake this work. Certainly no other organization or individuals could be expected to undertake it. It's up to us!

This is, of course, an enormous undertaking of both money and effort, but let us try it, and if it should appear unwise to attempt a national exemption law, I would suggest that the effort be made to improve the exemption laws of a number of our states. I would propose for this the creation of a legislative fund on the part of the National Association of Credit Men and the appointment of a Special Exemption Law Committee to serve for a term of say, three years—long enough to accomplish results. If half of our membership would contribute \$5 each, a fund of \$25,000 would go far toward bettering exemption laws. We would, very probably, get a dividend on that \$5 investment through the decreased exemptions of the first bankrupt in nearly any Southern state. Through the Committee, through our National officers, and through local credit men in given states, we could employ such advertising methods or such counsel as may be necessary to get into the minds of the people and the law makers the advantage to a majority of their constituents of fair laws.

When considering the untried we are so likely to say "It can't be done;" but some one has recently said, "Things move along so rapidly nowadays that people who say 'it can't be done' are interrupted by somebody doing it."

Better exemption laws can be had by creating sentiment in their favor—reasoning with the law makers and with the people. Sentiment



is a greater power than politics, it will put any party out of business, it will change any law. The majority of the people want to be fair and the law is supposed to be right. Make it plain to the people that it is right or it is wrong and it will be right most of the time.

The idea of advantage is naturally so uppermost in the majority of us that we are very liable to overlook the advantage that can be realized through a liberal disposition on our part. We have a sort of "misery loves company" feeling and when we are unfortunate rather look for some one equally so—a little like the restaurant keeper who when asked by a guest if he could have what he wanted, replied "Yes." When through eating a hearty meal and when asked for payment, the guest informed the restaurant keeper that he was penniless, and that, furthermore he had accepted his proposition and there should be no charge. The restaurant keeper being unable to collect told him he would consider the debt paid if he would wait until good and hungry and go across the street and do the same thing to his competitor.

We improve by comparison and the success of each man to-day is mingled with the success of others, so much so that we must, to a degree, go up or down together. Salaries depend upon business, and business depends upon policies; policies depend upon men.

It may be said that our friends are our assets, our enemies our liabilities. The proper utilization of the existence of one another promotes our own happiness and wealth. Few of us would grow either rich or happy in the world alone. Friends encourage us, spur us on; they minimize the friction of our lives, make us last longer and welcome while we last.

But I do not want to appear in the light of a real reformer. A real reformer, to my mind, is a sudden individual who is against everything that is, and if his reforms were the rule he would be against them.

We live, in large part, on a borrowed capital of suggested ideas, motives and desires, and each is not only responsible for the capital he borrows from others, but also for the capital he lends, and the suggestions he gives to possibly less stable minds, and thus, by borrowing and lending, ideas are created upon which we act. Let us, then, expend much effort in planning ourselves, look ourselves over, and always figure on the other fellow. (Great applause.)

President Gettys—We will now have a talk on "Accumulative Advantages," by Mr. Ira D. Kingsbury, of Rochester, New York. (Great applause.)

ADDRESS OF MR. IRA D. KINGSBURY.

GENTLEMEN OF THE CONVENTION:

I have been asked to present to you some of the benefits to be derived from membership in the National Association of Credit Men, but to speak to such a body of enthusiasts on such a topic seems like "carrying coals to Newcastle." I see before me so many men who have been prominent in the movement since its inception that I realize my inability to say one word to them that would increase their zeal in our cause. I wish I might have the privilege of addressing an assemblage of this size composed of men who are not members of the National Association of Credit Men, then, perhaps, I might feel more confidence in presenting my views.

The benefits of membership in our association may be grouped under two heads—present and future.

Under present benefits I am inclined to give preference to the splendid spirit of co-operation shown in our work. Those of you who were passing credits fifteen or twenty years ago will remember how jealously every house guarded whatever information it possessed regarding its customers, and an attempt to obtain information was met with dignified silence or a report so meager as to be of little value, but the old prejudice has been broken down and today there is a fraternal spirit existing among credit men not to be found in any other business association. Not so many years ago it was a rare thing for one credit man to consult with another regarding some delinquent debtor and yet today credit men readily warn their fellows against those with whom they have had adverse experiences and instead of rushing out secretly to protect their claims ahead of their competitors, they try by concerted action to extend the "helping hand" to the unfortunate debtor, and to accomplish good for the greatest number.

Suppose you are called to a strange city to adjust a claim or investigate an account, does it not mean something to you to know that somewhere in that town, or near it, there is a member of this association ready to help you in any manner in his power, if you only make yourself known to him? Such is the condition, and the sense of co-operation which this means is in my judgment one of the greatest evolutions resulting from the work of our association.

The National Bankruptcy Act alone is a sufficient reason to justify the existence of the association. Colonel Torrey labored in vain for years to get his bankruptcy bill through Congress. The credit men took hold of the cause and by united action brought about the final passage of the present act. They have been responsible for the defeat of the several repeal bills that have been introduced into Congress, and while other commercial bodies have "Resolved" that the law is a good one, the brunt of the fight has been borne by the officers and members of this association.

The enactment of the bulk sale laws in forty states has given the business men of this country a safeguard long needed to prevent a certain class of dealers from defrauding their creditors. This association has worked day and night to reach this remarkable result.

Adjustment bureaus are operated as an adjunct of the majority of the local associations. Rightly managed, the adjustment bureau has proven its worth, not only by obtaining increased dividends in cases of failures, but by preventing failures in a large number of cases where timely counsel and assistance was needed. Much has been said for and against this branch of our work and we promptly confess it still presents many unsolved problems, but we are gradually overcoming the objections, and the wisdom of our members may be depended upon finally to devise a general plan which will meet the various conditions which are encountered in different parts of the country and overcome the criticisms that have been made on the work in the past.

Many local associations maintain bureaus for the interchange of ledger information. This work does not encroach upon the province of the commercial agencies; on the contrary, the agencies themselves have spoken in favor of it, and have said that in those localities where these bureaus are operated they have found them to be an advantage to their business especially in the way of simplifying the work of their reporters.

Again, the two great commercial agencies have shown a strong desire to meet our views and as a result of the friendly conferences

between our committees and their representatives mercantile agency service has been brought to a higher degree of excellence and as I believe, a better understanding and a closer relationship is growing up between the credit men and the agencies.

The work of the national office in investigating the so-called "collection agencies," and in keeping on file for the benefit of our members the results of these investigations has saved hundreds, probably thousands of dollars to houses that otherwise would have been victimized by a plausible solicitor. If you desire a report on any agency, a letter to the secretary will bring you an impartial statement of how that agency conducts its business.

Not many months ago I was called on by a member of the Rochester association for my opinion of a certain agency which claims to collect "anything." My first question was, "Do you read the BULLETIN?" And I handed him the last issue in which the very agency was mentioned. He replied, "That's enough for me," and I happen to know that three concerns were thereby prevented from making contracts that they would later on have seriously regretted.

The committee on fire insurance has prepared a set of monographs on various phases of the insurance question, which are designed for circulation among the members. They may be had in quantities by any house a member of this association who desires to distribute them to its customers. We cannot—as credit men—give too much publicity to the importance, to sound credit conditions, of adequate fire insurance carried in legitimate, financially sound companies.

The monthly BULLETIN of the association contains an endless store of information of interest and value to all credit men. It fully repays the time required to read it carefully each month. I am inclined to believe that many of the members do not give the BULLETIN the consideration it deserves. Not only is it a record of the activities of the national and the various local associations, but many articles of inestimable value are printed during the year. Our secretary is ever alert for interesting and valuable matter to present to us and we owe it to ourselves to read the BULLETIN regularly.

The National Association is now prepared to give to the members, through its legal bureau, opinions on various legal questions, for which no charge is made. Many of these opinions are published in the monthly BULLETIN. A perusal of them may put you in touch with some matter in which you are personally interested.

The activities of the various local associations present opportunities for a free interchange of ideas along lines of advancement of business interests, and I am firmly of the opinion that the man who puts active work into his local association will thereby gain advantages for himself and his house beyond his highest expectations.

The prosecution of fraudulent debtors is being actively carried on in all parts of the country, and the publicity given to recent cases and the number of convictions secured must certainly have a deterrent effect on the man who is contemplating a fraudulent failure. It is undoubtedly our duty to make the way of the commercial transgressor as hard as possible.

There are various practical helps furnished by the association, prominent among which are the uniform property statement blanks used by many of its members, and the forms for the interchange of credit information.

If there is any man present who is engaged in business and is not a member of this association I want to say to him that he ought to be ashamed to reap the benefits of our past work, and not contribute of his time and his influence in behalf of the betterment of business conditions which the association is carrying on.

And now for the future—does it not present a wide range of work? Standing prominently before us is increased activity along legislative lines. There is still much to be done in this direction, for if we consider that in most of the older states the laws which concern the business man were enacted many years ago when conditions were not so complex, we must realize that they require revision to meet present-day conditions. Legislatures will pass or amend only such laws as they are asked to, and the local associations should study the laws of their respective states and take active steps to remedy defects. It is the business man's fault that such laws are still on our statute books. Our national and the various state legislatures are glad to listen to us when we appear before them in support of—or against—any measure pending in their respective bodies and as time goes on our influence is gradually widening, and, ultimately, we will be able to look back upon a list of legislative accomplishments that will be greater than the achievements of any other commercial organization in this country. Every law proposed or sanctioned by this association is for the betterment of business conditions, our work is for the moral uplifting of the community at large and every honest business man benefits therefrom.

I believe that this association has a wonderful opportunity for effective work in assisting the Commission on Uniform State Laws. Many of the states have appointed such commissioners, but some of them have practically nullified the appointments by making no provisions for their necessary expenses. If your state has not taken up this work, you should use your influence to bring about favorable action and see that it gets reasonable financial support.

Just as in every movement, if you would gain the full benefit of your membership you must interest yourself in the work being done. It is not enough that you join the association and pay your dues. The association wants—not only your moral, but your active support. Your officers and committees are giving freely of their time to carry on the work before them, and they should have your enthusiastic support and co-operation.

And now a word about these great conventions.

The work done in our conventions is far-reaching in its effect, and it is an inspiration for all of us to feel that we have had some small part in these deliberations. There is a broadening influence in meeting so many men from all parts of the country, all of whom are enthusiastic in our work. I know of no greater inspiration to a credit man than attending the annual conventions, whether as a delegate or visitor. The interchange of ideas and the mixing with your fellow-workers will be a pleasant and profitable memory for many months to come.

This association ought to have 20,000 members and it *will have* if every member does his full duty, and tells others how much good it has done, and is certain to do. Think what it would mean if every city in this country had a branch of this association. What a power for good it would be, and what an effect it would have on commercial sharks when they realize that wherever they buy goods with intent to defraud there is an association ready to follow them to the ends of the earth to see that just punishment is inflicted.



Mr. President, you have the honor to preside over the largest commercial organization in this great country of ours.

Gentlemen, you are members of that body. Are you deriving full benefits from your membership?

Some one once said: "In everything pertaining to credits, credit conditions, or credit men's work, this association stands for progression and for development, for the greatest good to every honest man and for just retribution to every dishonest man."

This association merits your support because it has shown itself pre-eminently capable of performing its functions.

(Great applause.)



*Director*

GEORGE E. MELIUS

The H. O. Canfield Company, Bridgeport, Conn.

Mr. George R. Barclay, St. Louis—In view of the hour, and in consideration of the important and strenuous work of the afternoon, I move that the reading of the trade reports be dispensed with, and that the gentlemen having data refer them to the secretary so that they will be included in the BULLETIN.

President Gettys—Does the chair understand that you wish us to do away with the general discussion of business conditions?

Mr. Barclay—That is the purpose of the motion.

Seconded.

President Gettys—It is moved and seconded that the general discussion of business conditions by members be dispensed with.

Mr. William Crane Andrews, New York—I rise to a point of order. The chair did not ask for a discussion on the motion.

President Gettys—The chair is in doubt whether the question is debatable, but we will be glad to hear from you, Mr. Andrews.

Mr. Andrews—I have nothing to say. (Laughter.)

President Gettys—This is a motion to suspend the rules and it is an undebatable question.

Mr. George R. Barclay, St. Louis—I did not mean to dispense entirely with these trade reports, only with the reading of them at this particular time. I wanted them turned over to the secretary and inserted in the BULLETIN, where they can be read in the calm and quiet of our own offices.

President Gettys—The chair is forced to put that motion, as much as he regrets it.

Motion lost.

President Gettys—The chair will insist on a strict enforcement of the three-minute rule in receiving these reports on business conditions which are now in order.

### **Reports on Business Conditions and Prospects.**

G. L. IRVIN, OF CARLIN & FULTON, BALTIMORE, MD.

When discussing or investigating business conditions we find no more definite exponents than those given by the statistics of bank clearings and railroad earnings.

It is true that bank clearings are more or less affected by stock speculation, and they represent not merely the actual money circulating in what we might call actual business as represented by our manufacturing, agricultural and commercial interests, but they also include the enormous transactions of the stock exchanges which are seldom followed by the actual deliveries of the commodities traded in though they depend very largely for their activity upon the basic conditions of general prosperity or of business stagnation.

As to bank clearings the statistics for the week ending June 12, 1909, report the total clearings of the leading cities in the United States as \$3,138,888,481, which is an increase of 57.2 per cent. over a year ago, and 28.7 per cent. over the corresponding week of 1906. Admitting the fact that this large increase is partly due to the activity of the stock market in New York city, nevertheless there is an increase in the leading cities outside of New York of 21.9 per cent. over last year and 12.2 per cent. over the corresponding week of 1906. In the city of Baltimore the increase for the week was \$4,000,000 in spite of unfavorable weather and the lessened activity of the local stock exchange.

Railroad earnings are principally the result of trade and the exchange of commodities between different sections of the country, as the net revenue from passenger travel is but a small percentage of the total. When business is prostrated and shipments curtailed these conditions are soon reflected in the decreased net earnings of the transportation companies, as was the case a year ago, and of course resulting therefrom is a depreciation in the market value of railroad shares and bonds. Now when present statistics show a great enhancement in such values, result-

ing from a decided improvement in net earnings. there is only one reason for such results, namely, increased business activity.

In a few weeks the wealth of the country will be largely increased through the harvesting of the growing crops, and Maryland will have its share in the resulting prosperity. Our agricultural sections have in spite of the increased cost of production, been greatly benefited by large yields and high prices.

The coal mining sections were dull but now are busy, and with the resumption of manufacturing throughout the country the demand for coal is rapidly increasing to normal.

Building operations have been largely resumed and are now very active, while the high credit of our municipality as evidenced by the selling prices of its bonds has enabled it to carry on the local improvements which are calling for the expenditure of many millions of dollars.

According to Bradstreet, business failures for the week ending June 10th were for the entire United States 197, as against 253 for the same week of 1908, a most gratifying decrease.

It is useless to elaborate further as these statistics speak for themselves; and with the facts before us we should all be optimists.

H. W. COFFIN, OF MOORE & HANDLEY HARDWARE CO., BIRMINGHAM, ALABAMA.

I rather hoped that Atlanta would be here. We wanted to see what kind of a pace they were going to set for the South. But it seems that they have left the matter to Birmingham, and everybody in Birmingham is accused of being a booster. However, I do not know that I belong to that class.

Now, I have tried this prophesying business before; and I have not been much of a success at it; so when I speak for Birmingham I can only tell you a few facts, and I will state them very briefly. I do not think it will take three minutes to tell all the good things that have happened.

We in Birmingham, of course, are largely dependent on the steel, iron and coal industries. The steel business there has been very good indeed, considering everything. In fact the steel works have only closed about three weeks in the last year, which I am told is an unusual record. The iron business has been good right straight along. The coal business is improving with the return of better feeling in the iron business.

Our retail and jobbing business is much better than last year—perhaps by 20 per cent.

The building lines are unusually good. We have broken the record every month for the last 12 months in the amount of new buildings put up in Birmingham.

The agricultural conditions of the South in our section have suffered somewhat. It has rained too much. But I have been in Birmingham a good many years, and handled some business that was dependent on the cotton crop, and I do not believe I have ever seen good prospects for a cotton crop at this time of the year anyway; so I hope by the time the crop is gathered that it will be found satisfactory.

The bank clearings have increased to correspond with the wholesale and retail trade, and while our condition might be a great deal better, I am very glad to report that it is satisfactory.

We in Birmingham have unlimited possibilities, and when the business of the country is good, and when we get the full force of the revival that seems to be coming to us so soon, Birmingham will be up in the running.

WILLIAM G. WALES, OF BROWN-WALES CO., BOSTON, MASS.

We are somewhat optimistic in Boston. I do not mean to say that there is a boom on; but there has been a gradual improvement in business during the last few months. We have more building operations on hand, contracts let and permits issued, than has been the case for several years.

Large mill additions have already been begun in the Fall River, New Bedford, Lowell and Lawrence mills amounting, I think, approximately to \$50,000,000, and the last record that I saw for building operations in New England amounted to somewhat over \$75,000,000, the largest amount that has ever before been recorded.

The general feeling in our section is encouraging. We do not look for any rapid improvement. We think a slow improvement is better. We are not waiting for the tariff to be settled, we are going ahead and anticipating a right settlement whatever that may be. Probably none of us will be entirely satisfied with the result but we must make the best of it and feel that the result will be for the benefit of the largest number.

WILLIAM L. FOX, OF BUFFALO FORGE CO., BUFFALO, N. Y.

It is a pleasure to report that better trade conditions are an established fact and not looked forward to speculatively. The last thirty days has shown a marked improvement in nearly all lines of trade. Those still feeling the depression are the people who supply railroads and contractors for large work and in these lines very much better feeling is prevailing at present than thirty days ago.

The situation may be summed up somewhat as follows, covering a period since the first of the year as compared with a similar period of last year:

Manufacturing—Generally normal to 20 per cent. increase.

Wholesale hardware—A steady increase since the first of the year with a large percentage of gain within the last thirty days.

Wholesale groceries—Normal to a fair percentage of increase.

Foundry and machine shop business—Normal to 50 per cent. increase.

Wholesale rubber goods—A fair increase.

Lumber—Normal to fair increase.

Brick—Fair increase.

Paints and glass—A material increase.

Bakeries—Normal to 15 per cent. increase.

Packing industries—Normal to 10 per cent. increase.

Wholesale paper—A steady fair increase.

Millinery—About 30 per cent. increase.

Miscellaneous jobbing shows a fair increase over last year.

CLARK HOWELL, OF CAPITAL CITY SUPPLY CO., CHARLESTON, W. VA.

Charleston, the capital city of West Virginia, is situated in the center of the great Kanawha coal field. Its mercantile, manufacturing and banking interests are affected and dependent very largely on the conditions of the coal trade. Shipments are made via the Chesapeake and Ohio to tidewater at Newport News, and to the lakes via the Toledo and Ohio Central lines at Toledo, and to Cincinnati and lower Ohio and Mississippi river points by rail and water. Barge coal can be and is shipped via Kanawha river to the Ohio river every month in the year. Consequently, when the money panic of 1907



came, practically closing 75 per cent. of the coal mines and coke ovens throughout the country, Charleston suffered severely.

Gradually since January last, operations have been resumed and the situation materially improved. Just what percentage of the operators are working full force, or how many are still cold and idle, I am unable to state. There is, however, a decided improvement over 1908.

The lumber trade is active at fair prices. The completion of another tidewater line from the Kanawha Valley to Norfolk (I refer to the Virginian Railway), which has its present western terminal a short distance east, and is now bringing its passenger trains into Charleston—opens another coal field.

The recent oil developments adjacent, the abundant supply of natural gas at extremely low price, attracting manufacturers of iron, steel, tools, glass, lumber, brick, etc., gives promise of a great future for Charleston.

Hope and faith are written large on the Charleston credit man's face. A membership of 41 in a city of less than 25,000 population, is some evidence of the wide-awake character of its business men, and probably is the largest membership of any affiliated branch of our association, when based on percentage of population. Are we not entitled to the banner?

S. J. WHITLOCK, OF BELDING BROS. & CO., CHICAGO, ILL.

The recovering business activity apparent at this time last year has been steadily maintained. Reports from a large number of jobbers and manufacturers indicate an increased business for spring of from 10 to 70 per cent., while in no cases is a decrease reported. On fall business a large percentage of those consulted report advance contracts largely in excess of previous seasons. About one-half of those consulted, state that their business has reached a normal condition as compared with 1906.

The value of *all* Chicago building permits for the first five months of 1906, 1908 and 1909, reported by Dun's Review, is as follows:

Month.	1909.	1908.	1906.
January .....	\$8,227,700	\$2,570,050	\$2,830,200
February .....	5,159,000	3,634,600	4,507,200
March .....	8,145,800	4,829,300	4,267,650
April .....	8,047,900	6,130,850	12,139,875
May .....	11,650,000	6,042,650	6,252,720
Totals .....	\$41,230,400	\$23,207,450	\$29,997,645
Increase over .....		18,022,950	11,232,755
		77.6%	37.4%

Value of Chicago building permits for *business structures* in the first five months of 1906, 1908 and 1909, reported by Dun's Review:

Month.	1909.	1908.	1906.
January .....	\$5,360,200	\$339,100	\$371,800
February .....	958,500	1,317,800	1,384,000
March .....	2,316,500	517,450	470,000
April .....	2,437,350	543,300	2,488,400
May .....	883,800	1,082,900	639,900
Totals .....	\$11,956,350	\$3,800,550	\$5,354,100
Increase over .....		8,155,800	6,354,100
		214.6%	123.3%

The ratio of increase in bank clearings for the five months of this year over the corresponding period last year and 1906 testifies to the distinct progress which has taken place in business generally, and is no less striking than the improvement in both deposits and loans. Financial conditions and the discount rate would seem to be quite favorable to the borrowing interests, especially in providing for the successful location of railroad issues to secure the cost of contemplated extensions and equipment.

The failure record would indicate that credits again are upon a healthy basis, and this is confirmed by improvement in collections and increased tendency of retail buyers throughout the interior to secure discounts on merchandise bills. Construction in this city, as reflected by the statistics above quoted, shows much investment of capital, and also testifies to the confidence of business men in the outlook for better times, the amount devoted to enlarged commercial facilities being the greatest recorded.

SAMUEL MAYER, OF ISAAC FALLER'S SONS & CO., CINCINNATI, O.

Three minutes for discussion of business conditions—past, present or future.

As to the past, I am reminded of a little story: A patient came to a hospital to undergo a minor surgical operation. The usual course was proceeded with; the affected parts aseptized and the patient given a bath—to which he had been more or less a stranger—then put to bed and as the nurse gently tucked the covers over and under him, he looked into her eyes, and said, "Thank God, the worst is over."

Of the situation at present I want to quote General Hancock, in speaking of the tariff: "It is a local issue."

In manufacturing communities, where mills and factories have long been idle, the strain has been most severe and recuperation necessarily slow, but the wealth of the country has always been in the soil and our farmers have prospered through all depression which in large part we now ascribe to lack of confidence which is now being gradually restored.

The iron and steel market has long been looked upon as a barometer of trade and if this be true then we may look to a speedy recovery and return to normal conditions.

Business in this line has been active for some months. In almost all lines prices have been firm with a higher tendency because of depleted stocks.

The law of supply and demand still controls, and with the renewed confidence of the tiller of the soil and the employment of the wage earner prosperity will come and come to stay.

A colored preacher on being asked as to the offerings in his church, replied, "We don't yet have to stop in the middle of a collection to empty the plate." That is the situation with us at this time.

Of the future I am most confident and so will you all be if you will ever bear in mind some of the maxims of that optimist who has just passed away, Edward Everett Hale:

"Look up, and not down,  
Look forward, and not back,  
Look out, and not in,  
Lend a hand."

W. M. PATTISON, OF W. M. PATTISON SUPPLY CO., CLEVELAND, O.

Cleveland is a cosmopolitan city with a population of something over 500,000 and with widely diversified industries. We have some 3,500 manufactories, which number I think is largely in excess of any other city of the same size. With this wide diversity of interests you can readily understand why during a period of depression, such as we have just experienced, certain lines are affected more than others as compared with a year ago. Lines affiliated with the iron and steel industries were especially affected by the depression and these show a much larger percentage of increase now than certain other lines.

In order to secure definite information for this report, a form was prepared and sent to a large number of our local members, reading as follows:

First. Nature of business.

Second. Indicate in percentage how business for the first four months of the year compares with the same period of 1908.

Third. Indicate in percentage how business for April this year compares with April, 1908. The idea being to see whether the improvement for April showed any larger percentage of increase than the average for the first four months.

Fourth. How do prices compare with a year ago, and is the tendency up or down?

Fifth. Do you find your customers more inclined to anticipate their requirements?

Sixth. How are collections?

Seventh. What is the future outlook for business?

In order to secure a frank expression from our members, as well as to conceal the identity of the person making the report, all were requested not to sign the report and to return the inquiry in the envelope which we furnished for the purpose.

From a careful study of the reports received I find that in practically every line, the volume of business transacted in the first four months of this year largely exceeds that for the same period in 1908. The average increase for April was somewhat more than the average for the entire four months, showing that business in general continued to improve. This improvement is especially noticeable in the iron and steel industries and kindred lines including the manufacturers of machinery, jobbers of mill and railway supplies, etc. In many of these lines the members have doubled their business during the first four months of this year, and in some cases, business for April exceeds many times that of April last year. This sounds well by comparison but the business being done to-day in these lines is still very much less than during the same period of 1907.

There is a noticeable advance recently in prices especially in the iron and steel industries although at the present time these products are much lower in price than a year ago. Practically everybody is looking for a much larger volume of business. Our customers are anticipating their requirements more freely than for sometime past. Collections are improving, local conditions are much better and we are all looking for a gradual and lasting improvement, so that by 1910 we anticipate that trade will again be at flood tide.

My line is the mill and railroad supply business and our business for the last month was over twice what it was for the corresponding period a year ago.

H. E. SMITH, OF COLUMBUS MERCHANDISE CO., COLUMBUS, O.

Columbus is so favorably located geographically speaking that our conditions during the recent panic were not affected in the same degree of severity as many districts which are dependent upon a single industry.

Our many iron and steel industries are found in every section of the state their efficiency being reinforced by natural resources.

Our state is blessed with magnificent farm lands, convenient markets and splendid roads a combination of natural and acquired resources in itself conducive to good business conditions.

Added to this is the factor of pride which nearly every town of any importance possesses in establishing one or more manufacturing enterprises.

Since each of this group of *advantages* is independent of the other, it follows that Ohio must be a good strong state in which to do business, and it is only natural that our recovery should be prompt.

The past month has so improved business conditions in many lines, that to-day there is considerable satisfaction felt in talking on the subject, and something encouraging to say.

The line of business which seems to gain most slowly in this section is the coal industry. This has been due largely to natural as well as business conditions since it is a line that *follows* rather than leads. However, to-day finds many of our larger coal companies operating to their full capacity and the remainder running from two-thirds to three-fourths of the time with every indication that they will be running at normal capacity the moment lake trade opens.

The lumber business in this section including Ironton and Ashland, Ky., districts is in good condition better than at any time for the past eighteen months.

The revival of the iron industry is being felt and many new hands are being employed. Manufacturers of machinery, tools, electrical equipment, regalia, etc., are busy for this time of the year and as it was expressed to the writer by one of the large manufacturers—"Could we forget 1907, our present business would be satisfactory."

Shoe manufacturers report that they are booking a full season's business but that it has required more of an effort on their part to obtain the business throughout the country.

The crops promise big returns. With fruit abundant, and agricultural districts prospering the feeling strongly exists that with the adjustment of tariff uncertainty the last half of the present year will show satisfactory results.

H. S. KEATING, OF KEATING I. & M. CO., DALLAS, TEXAS.

Following, I believe, an established custom, I have been asked to address you on the subject of crop conditions prevailing in Texas. I know no better way to give you the information briefly than to quote from the *Dallas News* of June 8th, the reports of that paper being entitled to as high credence as any information that can be gathered as to existing conditions.

The *Dallas News*, issue of June 8, 1909, states:

"Reports from 625 correspondents of the *News* written June 2d, show the acreage in cotton to be 102.7 in Texas and 83.1 in Oklahoma with conditions of 94.2 in Texas and 120.5 in Oklahoma, all comparisons being with same time last year and not with normal. The reports are summarized by districts as follows:



Following 1909 figures based on comparison with 1908:

Districts.	Acreage.	Condition.	Bales Ginned 1908.
East Texas .....	105.5	107.7	355,330
North Texas .....	104.5	112.8	673,859
Central Texas .....	101.3	101.9	1,178,454
South Texas .....	96.2	84.6	346,431
Northwest Texas .....	96.0	85.2	271,175
Middle West Texas.....	108.3	74.3	644,109
Southwest Texas .....	103.3	72.2	291,141
Panhandle, etc. ....	103.5	90.4	53,986
All Texas .....	102.7	94.2	3,814,485
Oklahoma .....	83.1	120.5	690,752

Further regarding the above districts, conditions to-day in East Texas are better than they have been for many years and the same is true of the majority of counties in North and Central Texas. Territory tributary to Dallas, on account of insufficient moisture is suffering some, in fact the conditions may be said to be a little below par though all that is needed is rain. In the "Panhandle" country crop conditions are medium to good. The extended dry weather which has prevailed all over Texas has resulted in a late start for all crops; but the dry weather enabled farmers to get their lands in prime condition, and as a consequence the actual acreage in cultivation is largely in excess of last year; in the southern portions of the state they have had abundant rains and good crops are looked for.

To sum up the crop condition: while it is spotted it must be borne in mind that as against ten or fifteen years ago Texas to-day is raising Milo maize, alfalfa, kaffir corn, rice, tobacco, peanuts, onions and other valuable crops in large quantities, and I can see nothing in the situation at this time to cause any conservative merchant to feel the least hesitancy in extending credit to those who are financially solvent or to those who, if usual prudence and caution are followed, are just as good for their debts as their more fortunate brothers.

Credit conditions in Texas are based almost entirely on cotton, for while all the other crops yield a large revenue, when all is said and done, the basis for credit is cotton and your attention is called to the fact that Texas produced 3,814,485 bales of that staple last year and the increased acreage in cotton this season with anything like favorable conditions ought to assure us of a gain for 1909.

Of course, it is too early to guess what the cotton yield will be this year; but with our lands in their present fine condition there is no soil in the world, known to the writer, where vegetation responds more generously and quickly to the providential favor of rain in the proper seasons and if Texas had a good general rain the old and time-worn expression is applicable, she'll "Blossom like a rose."

I might say that trade conditions generally with us are not quite as favorable as they were this time last year, due to the fact that our merchants lean toward conservatism in buying until they see how the crops are coming out. (Applause.)

F. L. POND, OF WESTERN PACKING CO., DENVER, COLO.

I will say for Denver and Colorado in general that business is quiet. It is a healthful quiet, however, which we have anticipated and fully expected. We are not disappointed in business conditions. We expect

business will pick up greatly this summer. We have fortunately had a good deal of rain this spring which means that we shall have a big crop of apples, peaches, pears and a big crop of cantalopes. The state of Colorado depends a great deal upon the crops and in the Arkansas Valley, in particular, the rainfall has been quite extensive this year as compared with former years so that we anticipate that the crops will be way above the normal this year. Last year and the year before we had no crops practically in Colorado owing to the lateness of the cold weather, and most of the ranchers lost practically three-quarters of their crop on account of frost. But this year they adopted the smudging system—that is, smoking their crops up to about the 15th of May when the liability of frost is entirely over, and we anticipate having big crops this year which will result in extensive business for Colorado. The tourist season we expect to be larger, than ever before. Dry farming which engages a great deal of our attention in Colorado, we expect to be more productive than ever.

WADE MILLIS, DETROIT, MICH.

In response to a communication sent out by the president of our association one hundred letters were recently received from representatives of the various industrial and financial institutions of Detroit. Each one bore a message of confidence and good cheer concerning present business conditions.

Particular activity is noted in the industrial plants dealing in the manufacture and sale of automobiles, automobile accessories, stoves, paints and varnishes, pharmaceutical preparations and adding machines in which fields of endeavor Detroit leads the world.

Statements of bank clearings, savings deposits, postal receipts and other like statistics show a fast increasing business. Builders are forced to extra efforts to meet the demands of the fast-increasing population. Notwithstanding the increase in population and in business commercial litigation has been less and bankruptcy cases fewer than for the year ending June 1, 1908.

Nature has kindly promoted the commercial interests of our city. The agricultural garden spot of the middle west surrounds us. Unsurpassed wealth of minerals is on either hand and of the products of those fields and mines Detroit is the natural commercial center. The Detroit river is a never-failing highway for deep-water commerce, a river that never floods its banks nor has a season of low water. The water-way facilities are supplemented by some of the greatest railway lines while electric roads radiate in every direction. A double track tunnel under the river is nearly finished and when completed will not only expedite travel but the saving of time and expense in freight transfer will be enormous.

Besides its world-wide fame as a beautiful city the healthful conditions in Detroit, the good city government, its low tax rate, its unexcelled residence conveniences, and its satisfactory relations between capital and labor make a stable, prosperous and contented condition which no business disturbance or panic can seriously affect.

W. B. CROSS, OF F. A. PATRICK & CO., DULUTH, MINN.

Last year the Denver papers in commenting on this feature of our convention insinuated, if they did not say so openly, that each speaker claimed that while he had heard that there had been a little financial flurry in other parts of the country, it had not touched his locality and that they were doing more business than ever. They claimed that the reports were too optimistic to be altogether true.

With this in mind when asked to report on conditions in the territory of Duluth I concluded that in so far as our locality was concerned, past and present conditions would be accurate. Therefore I personally have collected statistics from the principal houses in various lines and purpose setting forth the results.

Sales to June first of this year compared with the same period last year show an increase of 12 8-10 per cent. and an increase of 3 4-10 per cent. as compared with first five months of 1907. The last six months of 1908 show a loss of 5 9-10 per cent. when compared with same months in 1907.

Collections this spring show a decided gain over last year which of course is but natural as the effects of the panic were very apparent last year in the spring months.

Future orders for fall shipment show a substantial gain over last year at this time but are somewhat less than the amount placed to June 1, 1907. Investigation made by several houses in different lines of trade indicate a revival in the lumber and logging business. Surplus stocks of lumber have been greatly reduced so that the outlook in that line is better than for the last two years.

The iron mines are operating to 80 per cent. of their capacity on the Minnesota ranges and in the Michigan and Montana copper countries there has been marked improvement of late. The wheat fields never looked better and with the present high prices maintained the farmer this fall should be the best off financially of any class of people in the world—if he gets the crop. You know it is never certain until it is in the granary.

The city of Duluth itself never had a more flattering prospect. Three new railroads now building into it, the United States Steel Corporation's \$10,000,000 plant now under construction, additional water power being developed and more building and improvements being made this year than in any other city in the United States in proportion to the population justifies the many predictions that the city at the head of lake navigation will take a place very soon among those of the first magnitude.

In my judgment there has not been a time since the depression of 1907 when prospects were better for a good healthy and substantial increase in the business of the northwest than right now.

JAMES A. DICK, OF JAMES A. DICK & CO., EL PASO, TEXAS.

El Paso is situated at the natural southern pass between the Atlantic and Pacific coast and is the most important gateway to the Republic of Mexico.

It had a population in 1881 of 800 people. To-day it is a cosmopolitan and metropolitan city of 50,000 located in the heart of one of the richest valleys of the world which will be irrigated from the flood waters of the Rio Grande river impounded in a dam being constructed by the United States reclamation service at a cost of \$8,000,000. This dam will be the second largest in the world and will conserve 767,745,000,000 gallons of water equal to three years' supply necessary to furnish water for all lands upon which water can be placed.

The climate of El Paso is such as to permit of the strong or the delicate to pursue his chosen vocation. Seventy-five per cent. of the days throughout the year can be lived out of doors. There is practically no dampness and while the days are warm in the summer the nights are

cool and sleep refreshing. The winters are moderate and sunshine in January is our motto.

Our educational opportunities are unexcelled, having 5,000 scholars enrolled, 156 teachers, monthly payroll of \$13,000 and a total investment of over \$700,000.

The city is well paved in the business district and contracts for twenty miles more pavement have been let to be completed this year. Eight miles of sidewalk are now laid and ten miles contracted for.

The city has fifty-one miles of sewers and five miles contracted to be completed this year.

There are 5,000 telephones now in operation and the city is the best lighted in the state. Our fire protection consists of four stations, equipped with three steamers, one hook and ladder, five hose and chemical wagons and 15,000 feet of hose.

El Paso has thirty-one acres of parks, and miles of paved boulevards.

The building permits for 1907 were 534, amounting to \$1,302,708, in 1908 there were 384, amounting to \$1,015,984 and for the five months of 1909, 225 permits were issued, amounting to \$802,503, an increase of \$409,157 over the same period of 1908.

The postal receipts for 1907 amounted to \$99,234; 1908, \$102,860, and 1909 to June 1st, \$46,958, showing an increase over the same period of 1908 of \$4,524.

The valuation of property is \$60,000,000, sixty per cent. of which is assessed, at a city, county and state tax of \$2.53. Ten per cent. of this valuation is invested in manufacturing.

Eight railroads enter El Paso with two proposed roads, carrying a tonnage of over 4,000,000 tons per year, not including the through billing. El Paso has sixty wholesale houses.

Fourteen miles of macadam roads connect the city with the farming districts with thirty-one miles contracted for to be completed this year.

El Paso has five national banks and two trust companies with a combined capitalization of \$1,305,000 and deposits amounting to about \$8,000,000.

Churches of all denominations are represented with an expenditure of \$500,000. Fraternal organizations and social clubs represent an expenditure of \$400,000 in club houses and equipment. The Business Men's Protective Association is a live, thriving organization that has done much for the merchants of El Paso.

The custom house receipts for 1907 amounted to \$1,970,473; 1908, \$2,674,924, and 1909 to date \$745,948, a small decrease under the same period of 1908.

Cattle importation for 1907 was 22,381 head, valued at \$311,162; 1908, 85,474, valued at \$1,120,909; 1909 to date, 46,446, value \$627,196. Exports to Mexico amount to about \$1,000,000 monthly.

El Paso has thirty miles of electric railroad which carried over 7,000,000 people in 1908.

The development of the mineral resources around El Paso is yet in its infancy. They have been only partially investigated and are in fact hardly "scratched." The future greatness of El Paso is very largely dependent upon the further and more extensive development of the mining and agricultural industries.



The rainfall averages ten inches and dry farming has been successfully and profitably demonstrated.

During the past twelve months a cement plant representing an expenditure of over \$1,000,000 has been started which will be in operation this fall. A flouring mill costing \$125,000 will be in operation in July and an ice plant now in operation at a cost of \$85,000 is furnishing ice for train loads of fruit shipped from the valley and from California points to the eastern market.

El Paso has one of the largest smelters in the United States employing 1,800 men and another will soon be built to accommodate the output of the mines of which we are the central distributing point for all classes of machinery, groceries and provisions.

The progressiveness and importance of El Paso is further demonstrated by the erection of a Chamber of Commerce building costing \$50,000, being the first building of its kind in the state of Texas and in the entire Southwest.

El Paso is the jobbing center for the distribution of merchandise in New Mexico, Arizona, Mexico and Texas, within a radius of three hundred miles and enjoys the most favorable freight rates of any city south of the Missouri river.

Opportunities for jobbing houses and for all kinds of manufacturing plants are unexcelled and there is a business of from five to ten million dollars a year awaiting merchants who come into this rapidly growing territory with sufficient capital and push to handle the trade that is thrust upon them.

El Paso has just voted bonds to the amount of \$750,000 for public improvements; of this sum \$200,000 will be invested in extending the street paving; \$100,000 will be invested in street grading and drainage; \$100,000 will be invested in new school buildings and sites; \$50,000 will be invested in a modern garbage disposal plant; \$50,000 will be invested in a septic tank system for sewage disposal to supplement El Paso's \$500,000 system of sanitary sewerage, and \$250,000 is to be issued for improvement and extension of our country roads.

GEORGE W. CURTIS, OF BURRUS MILL AND ELEVATOR CO.,  
FORT WORTH, TEXAS.

In general terms, the information we desire is the ability of any community to pay its debts. In this respect Fort Worth was never in better shape. The banks are full of money begging to loan, the banks clearances (and this will interest those of you who keep up with that sort of statistics) show the enormous amount of business which we handle compared with some of the larger cities in the United States.

Armour and Swift are both now at work practically doubling their already large capacities in Fort Worth. The large milling and grain industries in the city have done an enormous business during the past year and while business in that line is holding back at present, waiting for new crop promises to be fulfilled, the prospects are good for another year. As we all know, prices paid to producers are higher than ever before in the history of the United States and as a man in the milling industry I have great hopes that the payment of \$1.50 for good wheat to the farmers of Texas will induce some of them to plant more next year.

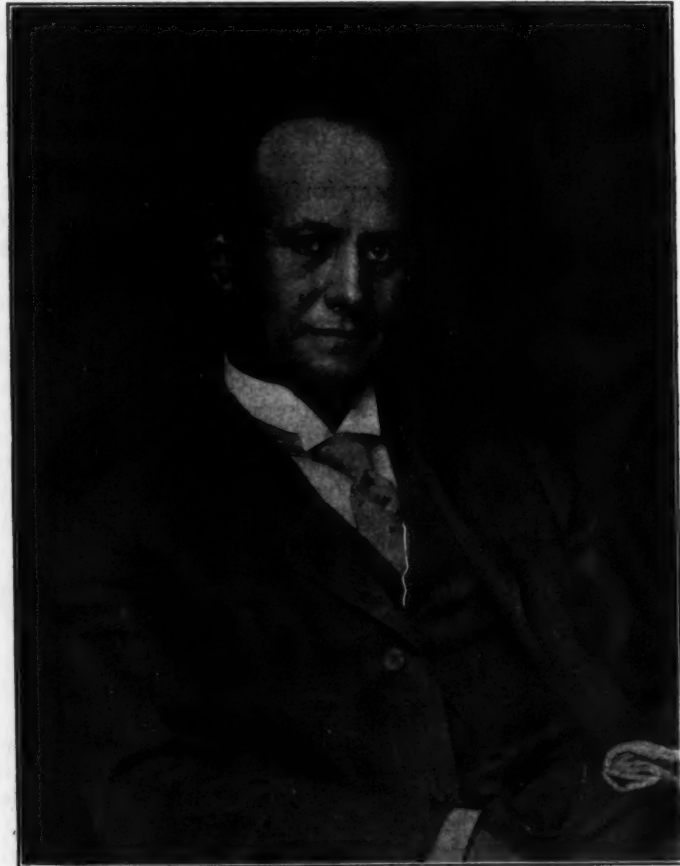
The cotton crop promises well. Texas will make some cotton, don't forget that, those of you east of the Mississippi.

The corn crop is already pretty well assured. Texas will have much more corn than last year. The wheat crop is already made and will be

considerably larger than last year in spite of the lessened acreage in some sections. Its quality is first class. The first car of new wheat I bought this year scaled 62 pounds and graded No. 1 without question.

I have never seen health conditions better than they are in the state; they are, in fact, so excellent that the doctors are complaining, and I would not be surprised if some undertakers took advantage of the bankruptcy act. (Laughter.)

I have never seen such an amount of building in Fort Worth during



*Director*

H. G. MOORE

Big Four Implement Company, Kansas City, Mo.

my residence in the city as there is this year; and there is an enormous amount of business going on.

I mention these things as the best indicators of the condition of the community, which I believe you will all appreciate. I believe our merchants are in shape to pay their debts, and they are certainly all glad to invite your business among them. I hope some of you will next year come down to Dallas which is near Fort Worth and see for yourselves what the conditions are.

LEE M. HUTCHINS, OF HAZELTINE & PERKINS DRUG CO.,  
GRAND RAPIDS, MICH.

Our condition in Grand Rapids has already been reflected by the report of Grand Rapids' suburban cities of Detroit and Chicago, and will be reflected somewhat more extensively when the other suburb, Milwaukee, reports. (Laughter.)

The banks in Grand Rapids are running over with money. The special point of interest in the banking situation of Grand Rapids is the large deposits held by the working people. I want to differ with the gentleman who preceded me in his statement regarding bank deposits. I am sorry there is so much money in the banks. My own idea is that that is not right. I would rather it should be drawn out on good paper and good loans and that there should be advance requests for money.

We are a furniture city. Everybody knows that. In high-priced furniture in 1907 we suffered a depression, and that naturally affected our forests of lumber in Northern Wisconsin and Northern Michigan. That line, however, is recovering. Some of our factories have been working overtime since the first of January. Some of them engaged in the manufacture of certain special products have not been working full time, but they are fast recovering. We have a diversity of manufacturing, but we have especially the furniture line, and you can see at once when depreciation overtakes furniture we must suffer. But it is a mistaken idea that of supposing that this line is all important to Grand Rapids, because in the last ten years the jobbing interests of Grand Rapids have overtaken and gone beyond the furniture business, and that is a hopeful thing for our city. The jobbing business in Grand Rapids at the present time is normal and on the increase.

Lumber, of course, has been the great basis of operation in our city in the past years, and while lumber is being removed and timber being cut away from us, yet Grand Rapids is known as having the most money invested in standing timber at the present time of any other city in the Union of its size.

We are in the fruit belt, as you know. It is a fact that fifty-five carloads of peaches have been shipped from Grand Rapids in one day. In Grand Rapids and vicinity prospects were never better than to-day. We have large grain fields, we raise vegetables for the Chicago market, and especially celery.

Trade is normal up to increase; bank clearances are good, and the general prospects for Grand Rapids and immediate vicinity are well up to anything that could be expected.

J. EDWARD STILZ, OF A. KIEFER DRUG CO., INDIANAPOLIS, IND.

In reviewing trade conditions in Indiana it is necessary to consider two distinct lines of activity, namely, agriculture and manufacturing. Indiana is essentially an agricultural state although her manufacturing industries are of great importance. It is a well-established fact, however, that the panic of 1907 did not adversely affect the Indiana farmer although there were some other conditions which operated somewhat to his detriment. The wheat crop last year was fair although wheat is becoming less and less a staple crop in Indiana owing to the open winters and uncertainty of the seasons. The corn crop last year was short owing to excessive rains in the spring and the long-continued drought in the summer. What was lacking in quantity, however, was nearly made up in quality and price, so that the average was only a little below normal. The fruit crop was extremely short, owing to a warm March

and a cold April and while Indiana takes no particular rank as a fruit growing state that crop is nevertheless of considerable local importance.

The crop prospects are far more favorable now than they were a year ago. Wheat is developing much better than was expected and the crop will be about the average. Weather conditions have been much more favorable for plowing and corn planting, resulting in a much larger acreage of corn than last year. Prospects for a good fruit crop are very promising.

A canvass of prevailing trade conditions which was of necessity somewhat limited, revealed the fact that we are slowly but surely recovering from our temporary interruption of the fall of 1907. In preparing this report I have consulted thirty jobbing, manufacturing and banking institutions and the information obtained was for the most part very favorable. Out of eleven jobbers, five manufacturers and one retailer, seven reported a gain in 1908 over 1907 while eleven reported a shortage. This was, of course, to be expected, as business in the early part of 1907 was at high tide and building up is a much slower process than tearing down. Fourteen report an increased business for the first five months of 1909 as compared with 1908 whereas only three report a decrease for the same period, and while it cannot be said that the volume of business during this period is equal to that of the corresponding period for 1907 except in a very few instances, it is, nevertheless, true that trade conditions show a decided upward tendency during this period. There seems to have been very little curtailment in the collections which for the most part have kept pretty close to the average. Collections so far this year are possibly not quite as good as they were a year ago particularly in the agricultural districts, where there seems to have been a scarcity of money this spring. The manufacturing industries have been slowly reviving although progress has not been quite as rapid as we would like to have it, except in some lines, notably the automobile industry. This line is now in an extremely flourishing condition many factories finding the demand greatly in excess of the supply, and as this is an industry which has been growing in importance in Indiana in recent years its increased activities are very encouraging. Other manufacturing lines are slowly increasing their output, although as stated, progress is not very rapid and the manufacturing towns throughout the state have really felt the depression much more than the agricultural districts. With good crop conditions, however, which are naturally followed by an increased demand for supplies of all kinds, manufacturing industries are almost certain to receive renewed impetus after the fall harvest. The railroad traffic is a very reliable barometer of trade conditions and a canvass of the roads centering in Indianapolis shows an increase in passenger business of 10 per cent. over last year, which is a very favorable indication. Freight traffic is not improving quite so rapidly but it seems to be keeping pace with the slow increase in the manufacturing industries, a revival in which will necessarily be followed by a largely increased freight traffic.

It is the prevailing opinion not only that conditions are and have been improving but that the prospects for the future are very bright, and while I find no one who feels that we are going to experience a sudden restoration of high-tide prosperity, it is the prevailing opinion that business will continue to improve surely even though slowly. Indiana is not noted merely by reason of the fact that she holds within her borders the center of population of the United States, but she can take a prominent part among her sister states in diffusing that spirit of



optimism necessary in restoring the degree of confidence essential to the re-establishment of prosperity on a sound business basis. Endowed as she is with a wealth of natural resources, inhabited by a people full of energy and enterprise and with recuperative powers possibly unexcelled by the people of any other state there seems to be no reason why Indiana should not take her place in the front ranks with her face toward the goal which we all hope to reach namely, RENEWED PROSPERITY. While the manufacturing situation is not in as flourishing a condition as we would like to see it at this time I believe that we will note continued improvement in this respect. We are looking now very largely to the tiller of the soil for our basis of renewed prosperity. Seldom has nature failed to distribute bountifully of her abundant store of supplies and if during this year she will bring forth her fruit in season and the earth will produce abundantly as it has heretofore and as we have every reason to believe it will, I feel safe in saying that by the opening of next year the clouds will all have passed away and the sunlight of prosperity will again shine upon us.

H. G. MOORE, OF BIG FOUR IMPLEMENT CO., KANSAS CITY, MO.

The value of the crops annually marketed in Kansas City is more than one billion dollars. \$2,138,400,000 is the value of the live stock. Clearings have been steadily increasing and we are maintaining our position of sixth place with eastern cities.

Our season this spring has been very late. Our acreage is not up to the average in wheat, but with prices higher we look for the profit of the crop to be larger than usual. It is too early for corn to be reported although conditions generally with reference to corn and all other farm products are very encouraging. Collections are good—indeed above the average. Our failures are few. Our merchants have been for the past year or so since the panic at least, buying short and stocks are lower than we have ever seen them. So we have hopes of large future buying especially as soon as our present crop shall have been positively assured. We are now cutting our wheat. With wheat at \$1.04 or above and corn above 60 cents, we think that we shall be able to buy part of the automobile output, as we have been doing in the past.

"Kansas where we've torn the shackles  
From the farmer's leg,  
Kansas where the hen that cackles.  
Always lays an egg;

"Where the cows are fairly 'achin',  
To go on with record breakin',  
And the hogs are raising bacon,  
By the keg."

(Laughter and great applause.)

R. D. NORWOOD, OF CURRY, TUNIS & NORWOOD, LEXINGTON, KY.

The report which I shall make relative to business conditions in Kentucky will refer particularly to the eastern half of the state. In this section of the state there is very little manufacturing done and its commerce depends principally upon agriculture, stock raising, coal mining and the production of lumber. The crop outlook for this year is excellent. The acreage of tobacco is conservatively estimated at 40 per cent. larger than that of any previous year and while it is rather early

to make a prediction, as to yield or quality, the present prospect for both is good. The planting of corn was late on account of the backwardness of the season but with favorable weather conditions a large crop will be realized. The quality and yield of wheat is considerably above the average and other crops are satisfactory.

Since the "late unpleasantness" in business affairs of the fall of 1907 the coal trade has been distressingly dull but operators are now more hopeful—many of them predicting a good demand within sixty days.

Lumber continues dull but like the coal operators the lumber men are expecting a good demand in their product in the near future.

Collections are fair and will no doubt be much improved after the marketing of the wheat crop. One of the lessons learned by our retail merchants during the dreary months following the fall of 1907 was that they could not buy goods on thirty and sixty days time and sell them on six months which many of them had been doing, and through their local trade associations and independently, most of them have adopted thirty days' terms.

For the most part our business men are optimistic and it is the general belief that we are entering upon a year of prosperity.

H. T. FOLSOM, OF UNION COAL CO., LINCOLN, NEB.

I consider it a great honor to represent in this convention the business interests of the beautiful and rapidly growing capital city of Lincoln, Nebraska. A city of 62,500 people without saloons or slums; a western city in the heart of the so-called "Great American Desert," that is served by eighty passenger trains daily; a city of wide streets and beautiful shade trees, that has 31 miles of paved streets, 59 miles of sewers, 69 miles of water mains, and 60 miles of electric street railway, which give good service; a city whose property valuation is \$42,500,000 with an assessed valuation of \$8,500,000; whose bonded indebtedness is but \$1,224,100; a city that owns its own water-works and electric light plant which is worth on the market to-day more than enough to pay the entire debit of the city; a city with no floating indebtedness and a tax rate of but 35 mills; a city so choice in its citizenship, with such a high regard for law and order and the rights of each that only nineteen police are needed for its entire day and night force including the captain and police matron.

Now to show that we are not asleep but are up and coming I compare the first four months of 1908 with the record for a like period for 1909 which shows a gain in bank clearings of 26.6 per cent., in postal receipts of 13 per cent., and in building permits of 43.8 per cent.

In representing Nebraska I represent a grand state in the heart of the vast agricultural and stock-raising section of our country, whose development in the past twenty years is almost incredible and whose vast resources are just beginning to be realized—a state whose resources were so quickly turned into cash during the recent great panic that we were able to liquidate our debts without a bank failure and were the *first* state of all to resume specie payments.

Nebraska is peopled with the highest type of citizenship. Its people and their triumphs the eastern press, for some unsolvable reason, takes delight in misrepresenting on every possible occasion, when in fact we are to-day so safe and solvent that it is a pleasure to do business with us and as far as we are concerned the services of credit men are practically useless.

Quoting literally from a recent *Chicago Record-Herald* reporter who seemed to be trying to write what he *thought* his readers would like to read and not of what he actually saw: "While traveling in the wilds of Nebraska and gazing over the forlorn wastes of Nebraska." His keen eye trained to minute observation utterly failed to see the vast wealth stretched out for 400 miles east and west and 90 miles north and south in broad acres laden with corn, wheat, oats, potatoes, sugar-beets and alfalfa and miles of hay land and ranges teeming with all kinds of live-stock almost beyond number. He failed to note the 914 railroad stations in Nebraska, most of which have banks, churches, school-houses, grain elevators and yards for shipment of stock. He failed to note the thousands of school-houses dotting every other section throughout our state, sufficient to accommodate every child of school age—and our laws compel them to go to school, so that to-day we are lowest of all states in illiteracy and only one child in one thousand over ten years of age is unable to read and write.

So great is our appreciation of schooling as an investment that to-day we spend \$27 per year in educational work for each child of school age, and for each enrolled pupil an average of \$30 per year. In addition to all this, on "Nebraska's Barren Wastes" is raised enough wholesome food to give every child a hearty breakfast before he goes to school, and to put a full dinner-pail in his hand when he starts. Furthermore, we will soon raise enough to be able to send every child through our high schools and to our great state university now the fourth largest in the country, which will some day be the largest university in the world.

The assessed value of Nebraska's real and personal property in 1908 was \$2,173,121,675. Forty years ago the value was only \$4,000,000. Where can you beat such a record of increase? January 1, 1909, the value of our live-stock was \$233,112,000. So rich are we to-day, for each man, woman and child in Nebraska there is an average of \$160 deposited in the banks of our state.

In 1907 our manufactures amounted to \$151,286,926, not counting 27,594,700 pounds of butter manufactured from the milk of 897,000 milch cows; and even our old hens, unwilling to let the cows do it all, laid \$18,000,000 worth of eggs in 1908. This means something like eight hundred and eighty-seven million dozen of eggs. To assist you to comprehend what these vast figures mean we will make a comparison.

You may take all the steel rails manufactured in the United States in 1908, and lay them end for end in two rows and I will take all the eggs laid by our much maligned old hens in 1908 and lay them end for end in two rows and they will reach nearly four thousand miles further than the steel rails.

As to present conditions—with the splendid weather, copious rains and abundant sunshine which we are now enjoying, the immense acreage under cultivation and the high price now paid for our products which seems likely to prevail another season the business outlook for Nebraska is very bright and there should be no reason why our merchants should not continue to prosper except because of incapacity or dishonesty.

I could go on for hours telling you of the glory and wonderful development of my beloved Nebraska. Suffice it to say at this time that we have scarcely begun to develop as yet for we are just playing at farming, stock-raising and manufacturing.

I invite you to come and see for yourselves this beautiful state

teeming with energy and honest development which is daily unfolding more wonders than Aladdin with his lamp ever dreamed of.

Come to us! You will see a state worthy the name whose great development is being produced by a happy, contented, law and labor loving people, who will greet you with splendid hospitality and make you glad you lived long enough to come to see us.

NEWMAN ESSICK, OF THE COMMERCIAL NATIONAL BANK, LOS ANGELES,  
CALIFORNIA.

Los Angeles and Southern California come before you again as optimists. In our report last year we voiced our confidence in the certainty of good things in the future.

Just before leaving home your delegates secured from all lines of trade written reports which contained comparisons with former years and forecasts of the future. Drugs, drygoods, notions, clothing, groceries, harness, packinghouse and dairy products report without exception for the closing months of 1908 and the opening months of 1909 a larger volume of business than ever before in their history. Hardware, lumber and machinery are slightly below the record of the winter of 1906, but well up to the average. All report that buying is done in smaller quantities but more frequently and that business is done on a closer margin than former years, hence expenses are larger and profits smaller. But conservatism is taking the place of speculation and business was never on a safer basis. There were two striking features which were uniform in every report! First, collections are decidedly good. Second, all express the greatest confidence in good business in the not distant future.

We have had no bank or mercantile failures during the past year worthy of mention. Confidence has therefore received no set-back and the fullness of its return is remarkable.

Bank deposits are averaging higher than ever—interest on commercial and real estate loans is reasonable and no worthy project need suffer for want of funds.

Citrus fruits, grain and hay, dairy and poultry products were produced in greater quantity than ever before and brought uniformly better prices than for some years. The increase in returns to the farmers of California over last year is probably nearly ten million dollars.

The tourist crop has been a record one. Hotels during the winter were filled to the roof with good spenders. The coming convention of Elks during next month will create winter business conditions in Los Angeles during the summer and will teach our eastern friends that the summer climate of Los Angeles is as delightful as its winter climate. There is no activity in the building of business blocks and hotels but homeseekers are filling our cottages and homes as fast as they can be built and the city and country are growing at nearly their accustomed rate. This means something; for Los Angeles has tripled in population in the last decade, a record before unknown in the experience of American cities.

There are two large projects now well under way which mean much to Los Angeles and are of interest to all the people of the United States:

First, the aqueduct which will bring the pure mountain water of the Owens river across 280 miles of mountain, desert and plain through 28 miles of tunnels and will deliver to our doors a stream



sufficient for the needs of a greater New York; a cement conduit with reinforced cover large enough easily to permit the driving through it of a coach and six and nearly large enough to drive two of them abreast. To pay for this the city of Los Angeles is putting down a double row of silver dollars edge to edge along the whole course of two hundred and eighty miles—twenty-five million dollars. The aqueduct is being built by day labor under the supervision of the city's engineers—the hardest parts are being built first—the tunnels are more than half complete, the city's dredgers are working across the desert, the city's own cement mill is producing 800 barrels of cement a day and wonderful to relate—the record shows that the 25 per cent. of work already done was completed inside the estimates both of time and money. It is estimated that the present demand for water at present rates will be sufficient to create a sinking fund which will pay interest and principal on the bonds when due. But in addition to this, the drop of the stream, five thousand feet from Owens River Valley to Los Angeles will produce 75,000 horse power of electrical energy—enough to run all the power plants, street cars and lights of our present city—worth enough to pay bonds and interest and leave the water free. We can take our choice, free water and going prices for electricity—or free electricity and going prices for water or we can take both at half price.

The second project belongs to the county of Los Angeles. We are now building 300 miles of asphalt pavements—radiating as 29 different roads from the city of Los Angeles to the county lines and the sea—through green alfalfa fields—past burdened orange groves—over mountain passes. When connected with the state system of similar highways now in the initial stages in the offices of engineers in the employ of the state, these roads completed will offer to the motorists of the world the most beautiful scenery—the best climate and the best roads for the enjoyment of their favorite pastime. How can we help being optimists. Last year I told you one of the stories of our own Bob Burdette. Here is another—according to Burdette, a pessimist at the breakfast table says, "I wonder if there is milk in that pitcher." An optimist says, "Pass the cream"—Los Angeles says to the aqueduct commission, "Pass the cream"—the purest and most bountiful supply of water—no matter what the cost. Los Angeles says to the highway commission, "Pass the cream"—the best roads money can buy. Los Angeles says to her commercial bodies and lodges—"Pass the cream"—the biggest and best conventions in the country. Los Angeles says to the United States—"Pass the cream"—the cream of your population and we will make them welcome whether as tourists or homekeepers in the most beautiful country—the most equable climate and the most prosperous city in the United States. (Great applause.)

J. A. MATTHEWS, OF BRINLY-HARDY CO., LOUISVILLE, KY.

A careful inquiry into business conditions among our Louisville leading houses results in our being able to report a general improvement in trade in all lines. This applies not only to the volume of business transacted but also refers to the general improvement and betterment in the matter of settlements and collections. There are many features that might be mentioned in detail but perhaps the most significant and the one having the most bearing on conditions is the tobacco situation which a year ago was anything but encouraging. The tying up of almost the entire crop of the state necessarily made money tight and trade conditions below

normal. Now, however, the trouble has been settled and the crop formerly pooled sold at a good profit, turning loose many millions among the farming class who in turn have shown a disposition to scatter them liberally in purchasing their requirements, thus stimulating trade throughout the state generally.

This may be taken as an index to general conditions and we desire only to convey to the convention the optimistic view of the situation on the part of our business men which justifies us in the conclusion that the return of our former prosperity is close at hand and in fact almost now upon us.

E. F. SHEFFEY, OF CRADDOCK-TERRY CO., LYNCHBURG, VA.

These reports remind me of a story down in my native state of Virginia. An old judge there had a very great indisposition to acknowledge that he was ever sick, and so when he came to his office one morning, after an absence of two weeks, the office boy doffed his hat and said, "How are you feeling this morning, judge?" And he said, "James, I am feeling very much better this morning than I was when I felt worse than I feel now!" (Laughter.) It seems to me that all of us feel better than we did when we felt worse in 1907 than we do now. (Laughter.)

An investigation recently made to show exact conditions, reveals the fact that practically without exception our manufacturing, jobbing and distributing industries are making progress. As I once before stated to you for 100 years Lynchburg depended almost exclusively on its tobacco industry; so much so that it was said that when a man died belonging to the tobacco association, his fellows in that association chewed black tobacco for 30 days as an evidence of esteem and respect. (Laughter.) That day has passed, however, and Lynchburg has learned the lesson that all of our great cities have learned, that they must diversify industries. So to-day we have for example our cotton mills exporting goods to China. Just now cotton goods in the South—manufactured goods—are not in the very best shape, but the cotton goods industry is improving and in a little time we expect that our mills, though running a little short for the past twelve months will soon be on full time and making money.

Again we have large manufactures of pipe, foundry work, plows, etc. The report of the president of one of those organizations states that their plow works have never been in better shape. Pipe business is a little quiet just now although we ship goods to Hawaii, the Philippine Islands, etc.

Our local jobbing houses have been doing a good business and it is on the increase. Lynchburg, if you did but know it, is the Lynn of the South, the home of the shoe that is worn throughout the Southland; and if I may say it without disparaging any of our sister Southern states, Lynchburg manufactures more shoes than all of the South combined outside of that city. We are proud of the shoe manufacturing industry. But do not understand that our business is confined to that line by any means. Our commercial houses sell dry goods, notions and groceries and all kinds of hardware, agricultural implements, railroad supplies and mill supplies, etc., throughout all that section of the country; and this trade expands far and wide; in fact the invasion of the North on the part of Lynchburg has already taken place, and the manufactured products of our city are now sold in New York city, Chicago and other leading cities of the North.

Before coming to the convention, knowing that I would be called upon to make report from the Lynchburg association touching trade conditions, I addressed a special communication to a number of representative houses, asking them to indicate general business conditions in their judgment prevailing, both from the standpoint of observation and experience. Replies from a great many of those addressed were received and a general undertone of improved and improving conditions prevailed. For example the proprietor of our leading hotel said:

"I am pleased to state that the past ten months have shown a very perceptible improvement over the same period in 1907 and 1908, and while conditions are not altogether satisfactory at present I am confident the completion of the tariff schedule and the adjournment of Congress will contribute, in large measure, to an early resumption of normal conditions."

The general agent of one of the largest life insurance companies, from whose office perhaps as much business is done in this line as all others in the city combined, advised:

"Through individuals I've gotten the impression that some money was being made in most lines; not so much as in 1906—but still results are fairly satisfactory and *improving every month lately*. In coal and iron and kindred manufactures I learn that it has been a hard year with better hope just now for the future.

"General conditions with the majority of merchants and all larger business men must have been good, for *this insurance office has found it a splendid year; better than in five years*—and since January 1st, conditions are better still. *We* feel any pinch quickly since men do not take on larger lines of life insurance unless they see their way clear to pay the premiums. I am quite optimistic as to the rest of 1909 and 1910."

The secretary and treasurer of the largest distributors of hardware, engineers, miners and mill supplies advised:

"During the years of 1905-6 and first half of 1907 our business was abnormally large due to the unprecedented combination of conditions by which we were surrounded, in the shape of great developments in the way of railroad construction then going on. This work, however, had practically been completed or else temporarily abandoned by July 1, 1907. Notwithstanding this fact, our business from July, 1907, to July, 1908, (the period during which the panic took place) was greater with our legitimate 'year in and year out' trade than it had ever been before. We are now nearing the close of another fiscal year and indications point to results equally as good as those of the preceding year. The past twelve months have not been without their adversities and unsettling conditions, such as heavy decline in steel products and tariff agitation to which everything in our line is peculiarly sensitive. These factors, however, have assumed a much brighter aspect and if indications are to be taken as of any value, the dawn of a wonderfully prosperous period has about arrived. If this be true in our business, it must follow that it will also be true in other lines, for it is admitted by everyone that the iron and steel industry is the pulse of the business world.

"I am an optimist from first to last and believe that as soon as Congress adjourns and the daily papers have less to say about the squabbles of the Senators and Congressmen over their different views with reference to tariff legislation, we will only have to talk prosperity and put our shoulders to the wheel and push toward prosperity. I

believe the year 1910 will be one of the greatest business years this country has ever known."

The president of our leading plow and pipe works advises:

"In the plow department of our business we have just closed the best season in the history of our company, and the outlook is good for fall trade. In our pipe department conditions are not satisfactory. We are finding a market for our full tonnage but at prices too close to cost of production. We think this is due to the keen competition among pipe makers for the little business that is coming up. In volume our business for May, 1909, exceeded May, 1908, about 22 per cent."

The president of our 45,000 spindle, and 1,500 loom cotton mill says:

"While we have run our plant fairly full, we have experienced considerable difficulty in disposing of our product on a profitable basis, in fact the demand for our finished article has been at a very low ebb, and, as a consequence we have been forced to carry a very full stock of goods. The raw material has been on a very high basis, and has within the last few weeks had a considerable further advance, and notwithstanding this advance in the raw material there has been no appreciable increase in the demand for the finished article.

"We think that the stocks held by the buyers are small, and believe that within the next few months with the agitation of the tariff disposed of we should see some distinct improvement in our line."

A leading wholesale grocery house stated:

"We have not experienced any set back on account of the money stringency, though collections have not been at all times what we could wish for or expect. Our business is very much localized on account of the nature of it; being confined entirely to agricultural districts our trade has held up, and shown some increase over former years. We attribute some of the increase to the high prices of goods in our line. As to the future we see no reason why with good crops and the present high prices that everything is bringing from the farm that our local conditions should not be maintained, and in fact improve considerably. We are looking for a good fall business, and nothing but a bad crop year will prevent this."

The vice-president of the leading exclusive notion, white goods and furnishing house wrote:

"While trade conditions are not normal taking 1906 and the early part of 1907 as a basis, yet they are much improved over 1908. Our shipments for the Spring of 1909, show a good growth over the corresponding months of a year ago, and the feeling over the country seems generally improved. I am inclined to think, however, that the feeling is better than the conditions even at this writing.

"Some declare the pending tariff legislation is the cause of the tardy resumption of trade, but in my opinion this only plays its part where certain interests are involved, which might be termed local in their bearing. As soon as labor becomes employed at normal wages, commercial conditions will assume their normal proportion and be even better than in 1907, throughout the territories our market reaches.

"Our men have been on the road for the past twenty days with our fall lines, and orders are coming in freely from the more southernly districts. Without an exception our salesmen write encouragingly regarding the future in their respective territories.

"I feel that Lynchburg as a market has suffered less from the panic than any place I know of. It is true the soft coal districts of West Virginia which have always supplied Lynchburg with a good business in our



line have been backward in trade for the past eighteen months, but that section is showing marked improvement at this time over thirty days ago."

The leading manufacturing and jobbing confectionery house with branch stores in Richmond and Norfolk states:

"We are pleased to report that business conditions for the past ninety days have been exceedingly satisfactory and the outlook we think is much more encouraging than it has been for the past eighteen months. The only feature that does not seem to be about normal is collections but they are improving all the time and we feel confident that after the next thirty or sixty days we will find conditions normal in all branches of business."

The leading importers and jobbers of china and glassware stated:

"If expressions of confidence from our heads of finance mean anything at all we should think that the worst is behind us. We have read with much interest the statement from several of them recently that seemed very encouraging.

"Our business for 1909 shows a gain of from 15 to 45 per cent.; this may be due to unusual efforts on our part to make a good showing; however that may be, we have the gain just the same. We feel sure that in the near future our business will quite equal and possibly will excel our banner years of 1906 and 1907."

The president of one of our leading retail dry goods, notion and carpet houses indicated:

"Am very glad to say that our business for the year 1908 ran only about 5 or 6 per cent. below 1907, that being our banner business year. I believe the loss can be better attributed to the lower prices of merchandise rather than to a decreased volume of business. So far this year our sales are largely in advance of 1908 and considerably ahead of 1907 and I can see no reason why business should not gradually go back to normal conditions. I am fully convinced that the tariff issue is having more to do with the unsettled conditions than any other one thing and as soon as that is settled business will steadily improve and we should then have ten or fifteen years of business prosperity."

Our leading real estate agent sums the situation up as follows:

"The late currency famine was not a real panic because the farming interests of our country were not then and are not now affected by the depression in general business caused by illegitimate methods pursued by dishonest so-called high financiers. Real estate and investments based on real estate were not hurt, and incomes therefrom were not materially affected. On the other hand real estate as a rule has steadily advanced. The farming interest had and has a high market on which to sell its products and you may recall that during the late financial depression the price of farming products did not fall.

"Therefore, I am bound to conclude that as long as the 'backbone,' the farming interest, is prosperous the country must be on firm basis of prosperity. The only thing we need is honest business methods in high places, more business, less politics and less dishonest financial transactions with other people's money."

The boot and shoe manufacturing company I have the honor to represent has this year enjoyed the best business in its history. Sales last year were over \$2,600,000; \$866,000 of this amount was shipped during the first four months of 1908, and during the same four months of 1909 we shipped \$1,193,000, showing a net gain over last year of \$327,000, or over 37 per cent., clearly indicating that one house in Lynchburg will ship over \$3,000,000 worth of shoes during 1909, this in face

of the fact that shoes were first manufactured in Lynchburg less than ten years ago. On the whole, I feel that business conditions in Lynchburg are fairly satisfactory, and that the market has a bright future because of its splendid central location and peculiar advantages from a manufacturing standpoint."

J. R. PAINE, OF WHITE-WILSON-DREW CO., MEMPHIS, TENN.

Trade conditions in Memphis and its vicinity are somewhat dissimilar on account of our varied industries.

As is generally known agriculture is our chief pursuit and cotton and corn are the principal commodities produced. For the crop of 1908 we received excellent prices, and the demand has been such that our factors have very little cotton on hand at this time. The present cotton crop is backward because of excessive rains but during the past few weeks the weather has been most favorable and much progress has been made. The formidable cotton boll weevil has not given our people much trouble as yet, and inasmuch as our farmers are diversifying their crops danger from this direction is diminished.

Labor is plentiful and we are now raising large quantities of alfalfa, rice, potatoes, fruit, etc. We are also directing our attention to the raising of more live stock than heretofore.

Our retailers are complaining of dull trade to some extent due of course to the backwardness of the crops. Our wholesalers report a slight increase in business over the past year. This condition is occasioned by a natural growth of trade. Collections have been fairly satisfactory and business failures so far have been no more numerous or extensive than usual. Our banks have large deposits and money is easy.

I might add also that we are having at the present time a considerable amount of construction work going on, and plans have just been matured for the erection of a union station which will cost something in the neighborhood of \$7,000,000. There are also office buildings in process of erection which represent an investment, probably, of \$3,000,000 to \$4,000,000. All in all the prospects seem to be at the present time very flattering.

ADOLPH LANDAUER, OF A. LANDAUER & CO., MILWAUKEE, WIS.

One of the gentlemen who preceded me this morning said that he came from the city that furnished you with eatables. I come from the city that furnishes you with drinkables (laughter), from the city that furnishes the article that has made Milwaukee famous.

This, however, is not the only article that we excel in, I can tell you. We have the largest tanneries in the world; there is none like them anywhere else. We have one of the largest machine shops in the country, the Allis-Chalmers works, employing about 10,000 people; we have very large flouring mills; we have very large factories making knit goods, and we have one of the largest plants for the manufacture of ice machinery in the world, and, strange to say, in spite of there being no saloons in Lincoln their ice plant furnished by Milwaukee is working overtime. (Laughter.) Milwaukee has one of the finest harbors on the lakes and its tonnage exceeds that of all the lake ports including Chicago.

Collections are good and sales satisfactory and I can only say to you what I told one of the reporters of an evening paper the other

day that Milwaukee does not know of any hard times; we had no hard times and we do not anticipate any.

It is with a thought of pride and pleasure that I state to you that in Milwaukee there are more homes owned by the laboring class than in any city in the Union. (Applause.)

W. S. HUGHES, OF DODSON-FISHER-BROCKMAN CO., MINNEAPOLIS,  
MINNESOTA.

In speaking for Minneapolis, I wish to state that the disturbance of 1907 could hardly be called a panic in Minneapolis. It would be useless to deny, however, that it was something of a jolt. The banks of Minneapolis were never compelled to resort to the use of clearing house certificates. In fact I have never seen one except as one was brought to me from a more unfortunate city as a specimen and it was only for the period of three or four days that we were embarrassed at all for the want of currency for all legitimate purposes.

I can recall but one failure of any importance in Minneapolis during the period of the last year and a half. That was a large one; but I am told and I understand that in the reorganization plan all creditors are to be protected in full.

A canvass of the jobbing and manufacturing houses of the city a few weeks ago developed the fact that there is an improvement of from 10 to 33 1-3 per cent. in the volume of business this year as compared with last year.

Our business for the coming year depends very largely upon the value of the growing crops and in our latitude it is a little too early yet to determine what that will be. The prospects, however, have never been better than now. As an indication of the growth of our part of the country I will state that the deposits of all the banks in Minnesota in 1898 amounted to about \$69,000,000. The deposits in Minnesota in 1908 amounted to \$270,000,000. A like increase has been shown in the bank deposits in North Dakota and South Dakota, which we include in our territory.

F. G. SALTER, OF DURR DRUG CO., MONTGOMERY, ALA.

We come from a section of Alabama known as the cotton belt or the black belt. This is possibly the most ideal and best known section of our country. Of course in that section cotton is king and trade conditions are governed more or less by the conditions of the cotton crop. At this time of the year owing to excessive rains in May the cotton crop has been greatly retarded, though just at this time the prospects are good. This plant, as you know, is susceptible of quick change and the change for the better has been quite noticeable in the last few weeks and we are hopeful of a big crop.

Another industry that we are largely dependent on is the lumber business. The lumber business suffered considerably during the panic in 1907 from which it has not as yet recovered. However, this line of business is looking very much brighter and the prices seem to be better than they were eighteen months ago.

Another product that we depend on to some extent is naval stores. As you know turpentine has brought a very low price for quite a while and it is problematical as to when it will bring a better price.

To be specific as to local conditions I can safely say that our merchants are more than hopeful and prospects are much better and more satisfactory than they were for the same period of last year. In can-

vassing our jobbing trade a few days before leaving Montgomery, I found the sales this year have largely exceeded those of last year for the same period. In addition to that collections have been proportionately satisfactory.

Now, as to our own business which is wholesale drugs, we fell behind during the months of February, March and April, though January showed the largest month in the history of our business. During the month of May we gained about as much as we lost in the three previous months.

Taking into consideration the fact that our cotton is susceptible of sudden and quick change; also, that our merchants are feeling better, and are filled with more hope and enthusiasm over the prospects for excellent crops. I should say that conditions in our territory at this time are highly satisfactory.

J. H. ORR, OF ORR, JACKSON & Co., NASHVILLE, TENN.

In reporting to this convention the conditions of trade during the past twelve months for the city of Nashville I wish to say that taken as a whole the conditions show a marked improvement over a year ago and indications promise a very bright future.

Our city is so located that we are not dependent on any one product for our trade and in this lies the reason why we did not suffer during the years 1907 and 1908 as some of our sister cities did.

From an agricultural standpoint our position is ideal, situated as we are on about the line which divides the cotton producing states of the south from the grain and tobacco districts north of us.

In addition to this, the manufacturing industries of Nashville territory have grown so rapidly during the past few years that they are now potent factors in the trade of our city, and when are added to these, the coal, iron, and lumber industries which draw their supplies from Nashville, it gives us such varied sources from which to live that it would be almost impossible for conditions to arise which would cripple us all at once.

We estimate that about 50 per cent. of the jobbing and manufacturing business of our city is dependent upon agricultural industries and during the past twelve months we all know the farmer has flourished as a green bay tree. As a result of this we find that business from these sections is fully up to normal conditions.

We estimate also that about five per cent. of our business is dependent upon manufacturing industries which in our section have been below normal, we should say 75 per cent. Mining and lumber industries with us as elsewhere have been considerably below normal possibly as much as 50 per cent. off.

Figuring on this basis an estimate of 85 per cent. would about express trade conditions in our immediate section.

Our business men feel that those who stood the strain are better off for the experience and that twelve months from this date we shall be able to report a return to normal conditions even if they are not quite up to the high water mark of 1907.

CHAS. R. BURNETT, AMERICAN OIL & SUPPLY Co., NEWARK, N. J.

Newark, New Jersey, has frequently been called the Birmingham of America from its diversified variety of manufactures. Nearly every business man in Newark and vicinity is actually experiencing the return of prosperity so that optimism and confidence is fully restored. Newark



banks passed through the financial panic in a manner that brought them to the attention of the business world; not the breath of a scandal in management, not the sign of a run, not the single holding up of currency to meet pay rolls, and not a cent of premium charged for currency of small denominations. Money is abundant now and business houses have not the slightest difficulty in securing ample funds to carry on and develop their plans. To show the demands for offices there are at present in actual course of construction three large buildings whose cost will exceed \$3,500,000. They will be occupied exclusively for office purposes. Our city has a large meadow area formerly devoted to the propagation of the Jersey mosquito but now under scientific plans successfully drained and nearly rid of these notorious birds of prey. These lands being located on the water front and intersected by all but one large trunk line between Chicago and New York, work is already under way and plans are drawn for the expenditure of millions of dollars on a ship canal and docks that will eventually bring to our city many large commercial enterprises which require that their goods shall be loaded or unloaded directly from their warehouses into ocean steamships.

The general volume of business as near as we can learn upon careful inquiry is fully up to what it was in the spring of 1907 before the depression, with the exception of one or two of our most important industries, namely, leather and jewelry. The first is being badly hampered by reason of the agitation regarding duty on hides and the latter having felt severely the stringency of the entire country naturally is one of the last to improve.

Collections are good.

We feel that "as goes Newark so goes the world" and all look forward with hope and confidence to steady and healthy improvement.

G. K. SMITH, OF SIMONDS MFG. CO., LTD., NEW ORLEANS, LA.

New Orleans is slowly but surely recovering from the effects of the recent depression. As a section we were one of the last to feel the full force of the panic and it seems to be our part to be about the last to recover.

As evidence of this, I find that the clearing house returns for January and February, 1908, were 16 2-10 per cent. greater than for same months of 1909, from which it is evident that it was after March 1, 1908, before we felt the full force of the depression, but the recovery has been gradual and a comparison of the months of January to May, inclusive, of 1908, with the same period of 1909 shows a net increase for 1909 of 1 5-10 per cent.

We had to contend with crop failures due to high waters and the boll weevil and adverse weather conditions, these causing in the cotton section of Louisiana a 30 per cent. crop at best for the years 1907 and 1908.

This season there is a reduction of the cotton acreage in Louisiana of fully 70 per cent.; in Mississippi, of fully 25 per cent. This does not mean that our lands in the cotton section are idle; for on the contrary, the corn acreage in Mississippi has been increased fully 25 per cent. and in Louisiana over 30 per cent. The rice acreage shows an increase of 23 per cent. and the acreage of sugar-cane has also been increased 18 per cent., so that with average weather we can count on good crop returns for the season.

A careful canvass of the manufacturing and jobbing trade also

indicates that the tide has turned and that every one is feeling better. Some lines report an increased business of from 12 to 20 per cent.; others a decrease of from 5 to 10 per cent, but to offset this, while orders have been smaller in volume, they have been taken at better prices, so that the net profit shows an increase.

A further review of the reports we have received shows that collections are also improving, which is further evidence that we are slowly but surely getting back to normal conditions, and that if we have average crops this season throughout our section we can then safely count on a steady revival in business.

HOWARD MARSHALL, OF JOSEPH WILD & Co., NEW YORK CITY.

Owing to the wide extent and the varied character of the business interests of New York city, it is impossible to give in three minutes' time a detailed account of the business conditions which prevail in our city or to treat the matter except in a general way. We have heard encouraging reports from various sections of the country, and to a large extent these conditions make for and reflect our own conditions.

From a careful study of the situation we find that general business is encouraging. Trade is good and it is improving. In many lines of business the year 1909 has thus far shown a marked improvement over 1908. Manufacturing plants are increasing operations and labor is therefore finding profitable employment. Importers, jobbers and retailers report an increase in business. Collections are good. There is a plethoric condition in money and the general financial situation is sound.

Before the end of this year, if Congress finally determines upon a tariff schedule, we confidently believe business will assume its normal condition; and for the future we look for an era of prosperity and a healthy expansion in business greater than has ever been enjoyed.

H. G. BARBEE, OF HARRIS-WOODSON CO., NORFOLK, VA.

A credit man often finds himself in a position where he scarcely knows what to do and that is my plight now. This is the first time I have attended a National convention, and I was not entirely familiar with the nature of the report desired. I thought it was something concerning our association work.

I want to say, however, that Norfolk is not like a number of our cities and smaller towns, we have numbers of large manufacturing industries, but we have other things that are equally interesting.

First we have the greatest truck garden section in this country in and around Norfolk; we can raise two or three crops in a season. We have a climate that is especially adaptable for this form of gardening and we ship garden products all over the country, especially to the northern markets, which we are able to reach very quickly.

In the manufacturing line we, of course, are a little off but we are growing along that line all the while.

In home building we find that the year of the exposition was our largest period of building up to that time. We had at that time more permits issued by our building inspector than ever before. But last year we had more than the year of the exposition and a great majority of those were homes—good homes—homes built by our business men and by those who come to Norfolk to stay.

Our banks are also in good condition. As I said, I have not the information to give to you exactly but we are building new bank buildings there all the time. We have plenty of money to do business

on. We were never in a position during the panic when we could not take care of our obligations.

In our manufacturing, jobbing and other lines, we find that business is increasing; for instance, a number of our jobbers who have heretofore been renting buildings are now building their own places of business; and those who prefer to rent are moving into larger quarters.

We find that everything indicates that Norfolk is improving all the while. For instance, one member of the association, a man who is in the wholesale business and is erecting a very large building, said to me recently that his contractor promised him last Monday to have 15 bricklayers go to work, and when the time came not one could be had for all were employed; he said he would try by the next day to have half that number on hand and he thought possibly by the end of the week he could furnish a full quota.

J. E. O'NEIL, OF RICHARDS & CONOVER HARDWARE CO., OKLAHOMA CITY,  
OKLAHOMA.

In reporting trade conditions from Oklahoma, I will not deal in statistics for it will take too long but I will endeavor to give you a true report of the trade conditions as they now exist in Oklahoma from a crop standpoint, for after all that is the basis on which credit is extended in an agricultural country.

In 1908 the state of Oklahoma suffered from an excessive rainfall and floods which practically destroyed the crop on the low land and greatly injured all crops throughout the state. The season so far this year has been excellent, and as a consequence a greater acreage is under cultivation than ever before. The corn acreage has increased about 40 per cent. over 1908, while cotton is about holding its own. The wheat and oats crop in central and northern Oklahoma is good and is now being harvested. The first potato crop is about matured and is the best ever raised in the state. Alfalfa is excellent and is fast becoming one of the great money producing staples of our state. The broom-corn prospects are fair and indications are for a good year.

The gas and oil industries are developing rapidly and creating great wealth in eastern Oklahoma. The live stock conditions are good, Oklahoma having shown itself to be a great hog and cattle country, and this feature is making the farmers prosperous.

The growth of our cities is marvelous, due to large immigration into our state, and this insures a steady employment of labor; in fact, labor can hardly be secured to carry on the great private and public improvements now in course of construction. In Oklahoma City alone over \$6,000,000 of public and private improvements are actually under way and in other cities in the state like conditions exist.

Oklahoma offers to the commercial world a fertile field for trade. The greatest thing to consider is the character of the individuals to whom credit is extended. From every standpoint we feel that this year will be a banner year for our great state.

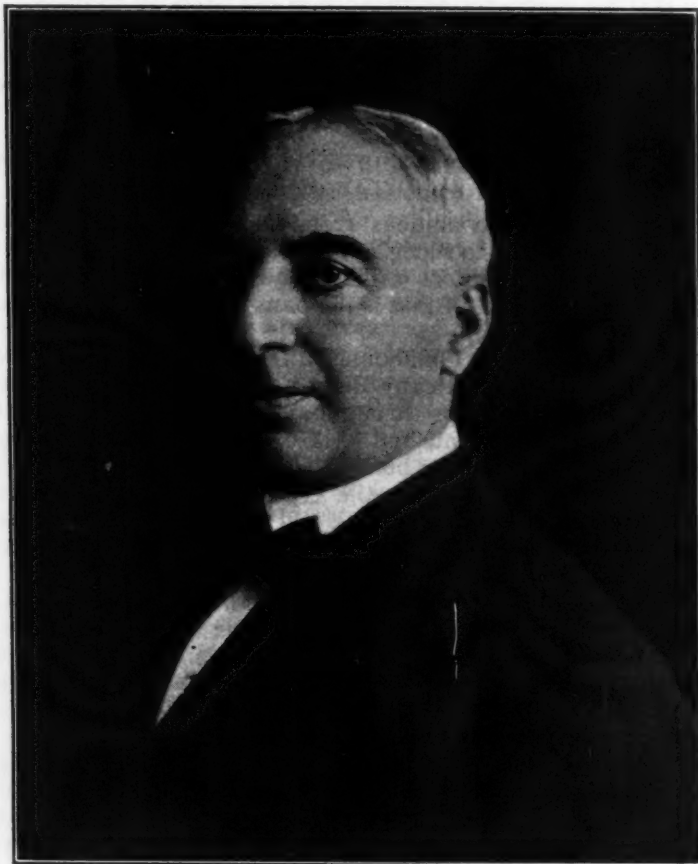
Take Oklahoma, with a population of almost two million of people made up of the energetic and progressive citizens of the United States, and with our diversity of crops and good conditions generally, we predict for 1909 a banner year for our great state.

D. G. ENDY, OF ARTMAN-TREICHLER CO., PHILADELPHIA, PA.

I have obtained from reliable houses an epitome of the trade conditions as they appear in Philadelphia at this time. I wish to call

attention to the fact that while there is an abundant supply of money here and at reasonable rates the conditions of general trade at the present time are not as satisfactory as was expected and looked for in the early spring. The weather conditions, the discussion of the tariff and the question of the ultimate result of the cereal crops have, no doubt, brought about this condition and certainly have a bearing on the present situation.

Yet, the note of the optimist grows stronger while the wail of the



*Director*

ENOCH RAUH

Rauh Bros. & Company, Pittsburgh, Pa.

pessimist grows fainter. Some of the largest manufacturers say that they have rarely had a better feeling for the future than at present. Their advance orders are wholly up to and in some cases beyond what they had anticipated and provided for.

The Philadelphia wool market continues firm; the bulk of the recent business has been in foreign wools and supplies of South American and New Zealand fleeces are much reduced. There appears to be a slight improvement in the textile industries which in some instances are working to full capacity to fill pressing orders.



The retail dry goods business in this city is exceptionally good and from what can be learned very much better than in other cities. Wholesale dry goods and woollens however report little change during the past week; collections on the whole are quite fair. Manufacturers of men's clothing state trade has been quiet, although they have made some good sales for fall and winter deliveries and anticipate a fair season.

The market in iron and steel continues active and strong and there is more buying by railroads with also somewhat more active movement in structural material. The metal market appears to be participating in the increased volume. The coal market shows no material change; that the collieries are working to fair capacity in both anthracite and bituminous regions shows some improvement.

The electrical trade shows an improvement and an increase in building operations causes more activity in contract work allied with this branch of trade. The leather market remains firm and there is an improvement in sales although prices have advanced slightly. The stock on hand is low. Glazed kid dealers report a slight improvement in trade, the shoe dealers state trade has been variable this season. Collections remain fair.

All branches of the building trade continue to show improvement in volume. Building is being actively carried on and conditions are looked upon as favorable for general activity in this line for the balance of the year.

Groceries are steady but quiet; orders are still small for spot goods, but there is a better feeling in the trade. The sugar market is quiet but list prices are firmly held; the usual rebate, however, is allowed and the one per cent. for cash.

It is most gratifying to the credit man to note that the failures reported for the month of May, 1909, are the smallest in number reported in any month since September, 1907, with the liabilities amounting to one-half the amount reported in May, 1908.

ENOCH RAUH, OF RAUH BROS. & CO., PITTSBURGH, PA.

Trade reports lately certainly present a more optimistic feeling than at any time since the reaction eighteen months ago.

Our iron and steel mills are running on an average up to 90 per cent. of their normal capacity. Our coke ovens are running about 75 per cent. of their capacity, in glassware every wheel is turning, and the other industries in our section are showing a like improvement. With the railroad business which likely is to be placed in the near future our mills will be running full.

Notwithstanding the wet spring crop prospects are reported good and as soon as the United States gets through with the tariff bill and it becomes a law, business in our section will resume its normal condition.

The complete recuperation of the banking institutions of Pittsburgh from the effect of the panic is seen in the reports published in response to the recent call for statements from the national and state banking authorities. Total deposits are now close to record figures amounting to about \$360,000,000. The resources of all these institutions total \$536,037,177. The surplus reserve now held by the Pittsburgh national banks is \$5,289,195.

The total deposits are only \$133,616, below the record total which was reported on May 20, 1907, five months before the unprecedented

panic of that year. Money is easier in Pittsburgh this spring than it has been for some years; and some of the larger banks are buying paper in the open market, but most of it is falling due in the early fall.

Another very gratifying feature of the exhibit is the item of "Due Banks and Bankers." This item foots up \$65,948,994, which is the largest ever reported, exceeding the total of August, 1907, which has heretofore stood as the record in the history of the Pittsburgh banks. Compared with the nearest corresponding date last year the increase in this item of bank deposits exceeds \$14,000,000.

This evidence of a complete restoration of confidence on the part of the banks and bankers in their Pittsburgh reserve agents is particularly gratifying to the latter.

T. C. WADSWORTH, OF AMERICAN TYPE FOUNDERS CO., PORTLAND, OREGON.

Business conditions in the Pacific Northwest have been on the advance in the past year and at the present time very little trace of the 1907 panic is to be found.

One of the principal industries which we look to for support is the manufacture of lumber. At the present time there seems to be a little hesitancy on the part of large mills to do much in this line until the tariff on lumber is settled. Until this comes about the price of lumber will remain at a point where there is no profit for the mill man.

Crop conditions in this section could not be better and we will probably have a bumper wheat crop. The price of all farm produce is high and the farmer seems to have plenty of money and is the most independent man we have on the coast.

The fruit industry is growing rapidly and this year's crop will be large with prospects for top notch prices. In the last five years the acreage in fruit has more than doubled. This with the influx of homeseekers has done more toward the revival of normal business conditions than any other two things.

In the city of Portland there is more building at this time than in the past history of the city and the building permits for the first five months of 1909 are greater than for the same period in any preceding year.

The money market is very easy and where good security is offered can be obtained at a reasonable rate of interest.

In making inquiry among the retail trade I find some complaint that business is poor and is not what it should be. Others report business good and have no complaint to make. On the whole conditions are good and a majority of the retailers are optimistic of the future.

The majority of jobbers and wholesalers report business brisk and have no fault to find some saying it is better than in 1906 which up to that time was an abnormal year.

Dairying is developing on the Pacific slope into a great industry and where only a few years ago there was found here and there a dairy, there are now scores of them, each with its fine thoroughbred stock, one dairy seeming to vie with another as to which can raise the finest stock. The income from these dairy farms runs into an immense volume of money and the resources for developing this

industry are unlimited. A number of railroads now being built will assist this industry to a great extent.

One of the attractions of the Northwest is the annual Rose Festival held at Portland, Oregon. Portland is known as "The Rose City" and a glance at her gardens and residence streets will establish her claim to the title. "Roses fragrant, roses rare, roses, roses everywhere," is certainly in evidence in this beautiful city of homes and I would urge upon my hearers that they time their visit to the Pacific coast so that they can take in this annual festival which is held in the second week of June.

IRA D. KINGSBURY, OF L. ADLER BROS. & CO., ROCHESTER, N. Y.

General business conditions in Rochester are good. Spring trade in retail lines was backward but most lines report a steady increase and in dry goods and kindred lines business shows a marked improvement over last year. In fact, the larger stores report sales so far this year larger than in any previous year.

Bank clearings for May are 9.25 per cent. over 1908 but are less than the corresponding month of 1907 or 1906. Clearings for the week ending June 12th, show a gain of 45.8 per cent. over the corresponding week last year.

Building operations for the first five months show that both in the number of permits issued and estimated costs there has been an increase of over 100 per cent. Hardware trade is consequently steadily improving.

Agricultural implements show steady gain in sales with trade equal to 1906. Wholesale dry goods is ahead of last year but not up to 1906, although the loss as compared with the best year is very slight. The wholesale shoe trade reports conditions somewhat disappointing. There is an increase over last year but not as great as was anticipated.

Wholesale grocers say orders were below normal early in the year, but that during the past few weeks a decided improvement has taken place.

The uncertainty of tariff legislation is having its effect on the shoe manufacturers. Some houses report large gains, bringing them up to 1906 but the average is not quite up to normal.

Fall orders in wholesale clothing are very gratifying, the business booked for fall being very large and averaging that of 1906.

Collections in all lines are fair.

Labor is well employed and as Rochester is a manufacturing city of diversified interests our local conditions have at no time been alarming. We all look forward to a splendid fall trade.

JACOB GAZAN, SAVANNAH, GA.

We have in Savannah a city leading a great section of the great empire state of Georgia. The history of nearly 200 years has shown steady increase in its prosperity; and to our great credit, be it said, we have never had a bank failure.

We have a harbor with 28 feet of water to the sea; we are the leading naval stores port of the world; we are third in cotton; and now, with the completion of 1,900 miles of Central of Georgia railway, we expect to be the great port of entry and export for the great vegetable, grain and mineral interests of the middle west.

We feel that we are solid, and our farmers have gained from the experience of the past. They have diversified their crops and instead

of getting five and six cents for their cotton and spending that and more they are raising varied crops, getting better prices for everything, and keeping profits at home.

CHARLES S. WILLS, OF SEATTLE HARDWARE CO., SEATTLE, WASH.

Seattle is prosperous, immensely so. With the exception of lumber which suffers through the unsettled condition of the tariff and unadjusted freight rates trade conditions are excellent. We believe that fall will see the resumption of our lumber mills to full capacity.

Our wheat crop this year will be a banner one as will also our fruit crop now known the world over.

Trade with Alaska is in a flourishing condition. It resembles the year 1907 and the gold output will be in the neighborhood of \$30,000,000. This is also a big year in our fisheries as every fourth year our salmon canneries have a heavy run.

The volume of general business thus far is slightly less than 1907 which was the greatest year in the history of Seattle and the Pacific Northwest. Collections are good, and there have been few failures. Our bank deposits have materially increased.

Our trade with the Hawaiian Islands is increasing but we cannot look for any great advance in Oriental trade until Congress pays more attention to our merchant marine.

Building in Seattle has continued unabated. The city is growing rapidly and its present population of over 300,000 will soon be passed. With five transcontinental railroads completed and running into the city by fall and the wonderful water facilities of Puget Sound there is ground for optimism. It may interest you to know that Puget Sound ranks third in the country for its export shipments.

The resources of the Pacific Northwest and the countries bordering on the Pacific are being exploited through the Alaskan-Yukon-Pacific Exposition now in full force at Seattle. It was advertised as "The fair that will be ready," and when the opening day was at hand, it *was* ready. (Applause.)

J. B. CAMPBELL, SPOKANE, WASH.

The "Inland Empire" still continues to prosper and business conditions still continue good. Out of forty-five replies as to business conditions all report a very substantial increase in their business except four; three of these four report their business holding up as well as last year and one with a very slight decrease.

Collections are not as easy this year as last in certain localities near Spokane while in other localities especially in the city collections are better and easier.

While the lumber business shows no material improvement over last year the prospects for future business seem very bright. Our lumbermen feel that if the tariff question could be settled their business would immediately pick up and become even better than in previous years.

The mining business shows a very decided increase over last year and it only depends upon the settlement of the tariff on lead to make conditions normal or better.

One thing the merchants who do business in our locality but do not reside in Spokane should know is that we have a very peculiar country. Certain sections of the territory tributary to Spokane com-



pose what is known as the dry belt, that territory had a poor crop last fall making conditions in those particular localities rather stringent and money very scarce. The peculiarity of our country is that one county may have an abundance of rain while the adjoining county not a mile away may be exceedingly dry. A great many merchants doing business in the East do not understand this peculiarity and it becomes very hard indeed to explain these conditions to them when they complain of certain slow accounts.

Spokane, the metropolis of the "Inland Empire" continues to grow and prosper. We now have a population of 118,000 with bank clearings exceeding those of any other city of its size in the Pacific Northwest. Our bank deposits are continuing to grow now exceeding \$25,000,000. Building permits for the first four months of 1909 numbered 1,221 with valuation of \$3,590,025 as against 1,024 with a valuation of \$1,955,587 for the corresponding months of last year. The manufacturing business of Spokane is flourishing and we now have 410 manufacturing industries in the city as against 360 of last year with an invested capital of over \$13,000,000.

Now that the Interstate Commerce Commission has supported Spokane in its freight rate question, it is expected that not only the city itself, but that the entire "Inland Empire" will take on new life and vigor and that the growth and prosperity of the immediate future will be greater than ever before.

P. E. PARROTT, OF BATTREAL-WHITTINGHILL SHOE CO., ST. JOSEPH, MO.

Before attempting a general discussion of business conditions it should be stated that the territory served by the members of our association embraces the western half of Minnesota, Iowa, Missouri, Arkansas, Louisiana, and all the territory west of these states to the Pacific coast.

The principal industry throughout the larger part of this section is agriculture and with a few exceptions the crop returns for the year 1908 appear to have been fully up to the average with the result that merchants entered upon the year 1909 with about normal conditions. Throughout a large portion of Oklahoma and Texas the crop conditions for 1908 were far below the average resulting in the very material contraction of business in those states; and as a consequence collections were quite unsatisfactory and business reverses have been considerably above the average. In the mining districts of Colorado, New Mexico and Arizona conditions have likewise been below normal.

In marked contrast to the conservative policy prevailing throughout 1908 there has been throughout the spring of 1909 a tendency to anticipate needs to a reasonable extent and future orders in all lines have been larger and more numerous; the total volume of business transacted for the first five months of this year has been largely in excess of the business done during the same period in 1908. In some lines the volume of future orders for fall delivery has been showing the same optimism that prevailed throughout the spring months while in other lines a more conservative tendency prevails.

With few exceptions reports indicate that present crop conditions, except the winter wheat crop, over the entire territory are fully up to if not rather above the average; and present indications are for a strong and healthy business throughout the year. Large sections of the West are undergoing very rapid development and expansion and the influx of immigration and advance in real estate values give added

reasons for the belief that business conditions throughout the western states will this year reach the largest volume ever attained.

E. H. DYER, OF MOUND CITY PAINT AND COLOR CO., ST. LOUIS, MO.

In compliance with the request of President Gettys, I will endeavor to make a report on the trade conditions in St. Louis.

It is not possible for me in the limited time accorded to go into detail particularizing on the different lines of business, nor to cover all of the various kinds of trade; consequently what I shall say, while to a certain extent covering particular lines, will to a very large extent be general.

In arriving at my conclusions, I have taken up with the leaders of various mercantile houses the question of their business for the past twelve months as compared with the same period of the three preceding years.

St. Louis is so situated geographically as to have for its natural distributing territory a larger field than is covered possibly by any other of the larger trade centers.

The territory covered by St. Louis houses is largely agricultural although included in that area are mining districts as well as many towns where manufacturing industries predominate.

The agricultural districts throughout the central west have been in a better financial condition than have the manufacturing districts of the eastern states; consequently it has been possible for the merchants located in our particular section of the country to do a larger volume of business than those in manufacturing districts, whose prosperity is largely dependent upon the activity of other factories located nearby.

The question of tariff agitation has naturally affected the manufacturing centers more than the jobbing or distributing centers. I would state, however, that it has been my observation that in the jobbing and distributing centers, the conservative house has curtailed its purchases thereby reducing the amount of goods in stock possibly to a greater extent than would be done under ordinary circumstances. Naturally this has meant less business for the manufacturer. It is estimated, for instance, that in one line of trade in St. Louis reporting almost a normal volume of business is being carried stocks aggregating several million dollars less than were carried two years or even one year ago. This has enabled those merchants to release capital which has been used, either in reducing liabilities or in increasing bank balances.

When I presented my report last year to the Denver convention the business of the country was but slightly convalescent from the financial panic that began in October of 1907. The patient has continued to improve; his pulse is more nearly normal and his temperature has been correspondingly lowered with his respiration nearer natural.

Therefore, the trade conditions to-day as compared with those of a year ago while not absolutely satisfactory, are well on the road to recovery.

During the past year and particularly during the first five months of the present calendar year St. Louis has certainly demonstrated the fact that it was not only the originator of the prosperity idea but is the home of prosperity. Trade conditions in our city, I think, during the past few months have been better than in any other large trade center.

Many times during the past few months traveling men have told me that practically the only large cities in the country which presented any real business life are St. Louis and Kansas City both in the state of Missouri. This condition can be attributed largely to the fact that St. Louis and her sister city situated on the western border of our state cover a territory that is largely agricultural where the effect of the financial trouble which began in October of 1907 has been less felt than in the cities dependent on the manufacturing industries for their returns.

The volume of business done in St. Louis during a normal year will, as I stated in my report of last year, approximate eight hundred millions of dollars. Included in this is practically every line of trade. The manufacturing capital invested in St. Louis, as shown by the government census of 1900, was \$150,525,899. In 1908 the Missouri Board of Statistics reported this item as \$324,685,000 or over twice the amount and while the figures for 1909 are not yet complete, yet it is a well settled fact that the actual capital invested in manufacturing enterprises in our city to-day is greater by several millions than it was when these last figures were compiled. The value of the manufactured product as shown by the Missouri Bureau of Statistics for 1907 shows that St. Louis turned out \$314,185,326 in manufactured product alone.

In 1907 the tonnage in and out of St. Louis amounted to 47,820,585 tons while in 1908 the amount was but 39,644,000 tons. The indications for this year, however, are that the figures of 1907 will more than likely be reached.

#### BUILDING PERMITS.

In my opinion the building operations of a city make an excellent guide as to the general prosperity of that city and with a view to learning something of this I secured from the building commissioner of our city figures showing the number of permits issued and what they represented in dollars making this comparison for several years back.

The fiscal year in St. Louis is from April 1st to April 1st. During the year of 1903-4, which was the year immediately preceding the St. Louis International Exposition there were issued 5,028 permits aggregating \$12,976,298.

In this amount I do not include permits that were issued for exposition buildings, or any municipal buildings. The year 1904-5, showed an increase of \$4,500,000 over the preceding year. The year 1905-6, showed an increase of \$7,000,000 over the preceding year. The year 1906-7 showed an increase of nearly \$8,000,000 over the preceding year making a gain of over \$18,000,000 for building permits issued for that year as compared with 1903-4.

The year of the panic, 1907-8, showed a decrease of \$10,000,000 from the preceding year, but even then it was an increase of nearly \$8,000,000 over the year preceding the exposition.

The year 1908-9 showed an issue of 9,353 permits aggregating a total investment of \$22,552,401. That is an increase of a little over \$2,000,000 over the preceding year.

The first five months of this calendar year show a decided increase over the corresponding period of last year; the number of permits issued from January to May, 1908 being 3,727, representing an investment of \$8,534,385 while from January to May, 1909, the number of

permits issued was 4,110, representing \$11,472,963 or an increase over 1908 of 34.43 per cent.

It is the opinion of those who are in a position to judge that the balance of this year will continue to show as large an increase. To my mind, the record referred to furnishes conclusive evidence that there is plenty of money for permanent investment in our city. There will be spent during the coming twelve months four to five millions of dollars in municipal buildings, which is, of course, not included in the estimate above.

#### REAL ESTATE.

While the figures just quoted refer to building operations and show a very healthy condition the investment in real estate has also been growing.

The sales have not been as active as the dealers would like to have seen but it is estimated that the real estate transactions will show an increase for the year of not less than \$3,000,000 over 1908. During the year ending April 1, 1909, we paved 37 miles of streets as compared with 25 miles the previous year. There were also laid some 30 miles of sewers as compared with 19 miles the year previous.

Real estate of every character in St. Louis is on an extremely conservative basis and there is undoubtedly as solid intrinsic value in it as will be found in any city of its class; hence St. Louis offers one of the best possible fields for real estate investment. While we have large manufacturing plants, magnificent office and mercantile buildings, yet I think what particularly impresses the visitor to our city, is the splendor, beauty and extent of its residential district. In this respect it is not equaled by any other city in the country.

The tax assessment for the city of St. Louis for 1909 which is made upon a valuation of about 60 per cent. of the actual value shows an assessed valuation of \$538,707,640, which is \$14,500,000 greater than was last year's assessed valuation.

#### FINANCIAL.

The financial and banking interests which are not only the bone and sinew but the life blood as well of every mercantile and manufacturing community, are sufficient to take care of the needs of our large and growing city. Our banking institutions representing a capital and surplus of approximately \$85,000,000 are officered by able men and the business is handled along conservative and legitimate lines. The capital stock of our financial institutions is owned in St. Louis which is not the case in some of the other large cities.

A comparison of the total bank clearings for the three years back shows:

1906—\$2,972,653,307.

1907—\$3,165,619,327.

1908—\$3,074,806,759.

Clearings for the first five months of 1909 show a

total of ..... \$1,371,555,181

For the same period of 1908..... 1,232,333,768

For the same period of 1907..... 1,328,160,403

For the same period of 1906..... 1,252,063,875

This comparative table shows that the clearings for the first five months of this year give an increase over each of the preceding years.



The St. Louis banks do not clear through the St. Louis clearing house the checks which they receive on out of town banks but they collect those checks direct. If we should adopt the policy that two or three other large cities have and clear out of town checks just as we clear the checks on local banks the bank clearings for St. Louis would show an increase of approximately 50 per cent. over the amount now shown.

A comparison of cash and exchange, loans, discounts and deposits of the associated banks as made to the Comptroller of the Currency at different times during the past three years (without cents), is as follows:

	<i>Cash and Exchange.</i>	<i>Loans and Discounts.</i>	<i>Deposits.</i>
April 6, 1906.....	\$75,812,123	\$169,004,426	\$215,009,636
May 20, 1907.....	88,621,718	174,126,098	236,190,930
December 3, 1907.....	76,595,506	223,471,258	256,207,161
May 14, 1908.....	98,038,742	197,915,212	254,109,725
April 28, 1909.....	111,298,685	212,839,687	293,111,638

As a matter of explanation, I would say that between the dates of the statements of May 20, 1907, and December 3, 1907, three of the trust companies became members of the Clearing House Association. This fact will account to a certain extent for the increase in deposits, loans and discounts, during the time of the financial stringency. While these dates in the different years are not the same yet they are the nearest to corresponding dates that statements were made.

I would call your attention to the fact that in May, of 1907, the loans and discounts showed \$174,126,098. For December 3, 1907, two months after the financial panic started, the loans and discounts were \$233,471,258. On May 14, 1908, they were \$197,915,212, and on April 28, 1909, they were \$212,839,687.

These figures tell all that is necessary to know as to the way St. Louis banks took care of their customers during the financial troubles of 1907. When money was needed they had it; when the troublesome times were over, these loans were brought down. Now, as money is beginning to be needed again for the expansion of trade it is being furnished.

In my effort to compile an intelligent as well as an accurate report of conditions, I have canvassed something over thirty different lines of trade. It has not been possible for me to cover all those that I should like to have reported on, but those that I have are, I think, in general, indicative of what others would show.

In asking for the information I have propounded ten questions which in most instances have been fully answered.

These questions were sent only to the manufacturing and wholesale houses because I could not have attempted to take up in detail these same questions with the retail lines.

I will not attempt to go into the details as received from each house but have made a summary of the several houses in each line.

#### QUESTIONS

First. Do you consider business for the first half of 1909, normal?

Second. If above or below normal, about what per cent.?

Third. How do you think business for the twelve months ending June 1, 1909, compares in percentage with the same period of A-1908, B-1907, C-1906?

Fourth. In your opinion, are the conditions at the present time

indicative of a greater or less business for the second half of this year than the corresponding half of A-1908, B-1907, C-1906?

Fifth. Do you conclude from general conditions that business for the second half of this year will be up to an average year?

Sixth. Do you think the tariff agitation has caused trade generally to hold back from purchasing liberally; if so, to what extent?

Seventh. In your opinion are the stocks of merchandise carried by the average dealer larger or smaller than at this season for the last three years?

Eighth. Do you think the number of customers discounting their bills the first half of this year has been up to the standard?

Ninth. Have the mercantile failures in your line been above or below the average for the year from June 1, 1908, to June 1, 1909, as compared with the same period of A-1908, B-1907, C-1906?

Tenth. Give me any additional information or ideas you may have in regard to the general business conditions as you see them or which you feel will be of interest in making up a report of the character this is intended to be.

#### DRY GOODS.

1. Nearly normal.
2. Answered by first question.
3. 1908—From normal to 10 per cent. increase; 1907—10 to 20 per cent. decrease.
4. 1908—Better by 15 to 20 per cent.; 1907—Probably a little less, but may equal; 1906—Will equal, with indications of an increase.
5. Up to an average year and better.
6. Yes; greater on some classes of goods than others.
7. Smaller by from 10 to 20 per cent.
8. Fully up to the average, with a tendency toward a larger percentage.
9. 1908—About the same; 1907—Larger; 1906—About the same.
10. Favorable for an increase in business, the actual results depending largely upon the crop conditions of the country.

#### MILLINERY.

1. Normal.
2. Answered by first question.
3. 1908—5 to 10 per cent. increase; 1907—5 to 10 per cent. increase; 1906—15 to 25 per cent. increase.
4. 1908, 1907, 1906—Increase over each year.
5. Up to the average year.
6. Not to any extent.
7. Smaller.
8. Rather better than the average.
9. Possibly a few more, but not many, than 1908, 1907, 1906.
10. With good crops and tariff legislation disposed of, prospects for large business are good.

#### SHOES.

- Not normal.  
10 to 20 per cent. below normal.  
1908—Probably 5 to 10 per cent. decrease; 1907—Reports on this condition vary from 10 per cent. decrease to 25 per cent. increase; the average would be an increase.  
1908—Better from 10 to 25 per cent.; 1907—Greater; 1906—About the same.
- Up to an average year.  
Yes; 15 to 25 per cent.
- Smaller.  
Fully up to the average.
- 1908—Greater; 1907—Less; 1906—Less.  
With good crop conditions and tariff agitation settled, business conditions will materially improve.

#### CLOTHING.

- Normal.  
Answered by first question.  
1908, 1907, 1906—About the same, possibly an increase.
- 1908—Greater; 1907—Not quite as good; 1906—Greater.  
Up to the average year.  
Not particularly affected.  
Smaller.  
Fully up to the average.  
1908, 1907, 1906—Below the average.
- Conditions are favorable for an increase in business the balance of this year.

#### HATS AND CAPS.

1. Not quite normal.
2. From 5 to 10 per cent. below normal.
3. 1908—5 per cent. decrease; 1907—10 per cent. decrease; 1906—5 per cent. decrease.
4. 1908—Greater; 1907—About the same; 1906—About the same.
5. Up to the average year.
6. Not particularly affected.
7. Smaller.
8. Above the average.
9. 1908—Above; 1907—Average; 1906—Below.
10. Outlook for future business is good.

#### GROCERIES.

1. Normal.
2. Answered by first question.
3. 1908, 1907, 1906—About the same, with a tendency toward an increase.
4. 1908, 1907, 1906—Equal to previous years, and probably an increase.
5. Up to the average year.
6. Not directly.
7. Smaller.
8. Not quite up to the average.
9. 1908, 1907, 1906—Not much difference.
10. Conditions are favorable for a satisfactory business.

#### FLOUR MILLING.

1. About normal.
2. Answered by the first question.
3. The milling business in a general way has improved yearly, each year showing an increase over the preceding one.
4. Conditions indicate greater business.
5. Above the average.
6. Not directly affected.
7. Smaller.
8. Up to the average.
9. Very few failures, as most of the business is done on a strictly cash basis.
10. Not answered.

#### BOOKS AND STATIONERY.

Below normal.

Possibly 10 per cent.

1908, 1907, 1906—Increase.

1908, 1907, 1906—Greater.

Fully up to the average, possibly larger.

Not directly affected to any extent.

Smaller.

Fully up to the average.

1908, 1907, 1906—About an average.

Indications are favorable for business in this line, and if nothing comes up to prevent, the year should be satisfactory.

#### CANDY.

Normal.

Answered by first question.

1908—About the same; 1907—10 to 15 per cent. decrease; 1906—10 to 15 per cent. decrease.

1908, 1907, 1906—Fully as good.

Up to the average year.

Difference of opinion—some say yes and some say no.

About the same, if anything smaller.

Up to the average.

1908, 1907, 1906—Not much difference.

Tariff question settled and good crops, business will be good.

#### DRUGS AND CHEMICALS.

Not up to normal.

5 to 10 per cent. below.

1908—Little greater; 1907—Not so large; 1906—Not so large.

1908—Greater; 1907—Greater; 1906—Somewhat less.

Should be an average year.

Yes; hard to determine to just what extent.

Smaller.

Nearly if not quite an average.

1908, 1907, 1906—Very slight difference.

The tariff question has a good deal of bearing on certain chemicals, and with that question settled and with the stocks of goods generally depleted, we should have an active demand.

#### CIGARS.

1. Normal, with a tendency to better.
2. Answered by first question.
3. 1908—Normal to 10 per cent. above; 1907—5 to 10 per cent. decrease; 1906—From normal to 10 per cent. decrease.
4. 1908—Greater; 1907—Fully equal; 1906—Somewhat better.
5. Average to above average.
6. Think not.
7. Smaller.
8. Not up to the average.
9. 1908, 1907, 1906—Slightly above the average.
10. Business steadily improving, with indications of a satisfactory volume.

#### MANUFACTURERS FURNITURE AND BEDS.

1. Not normal.
2. 25 to 50 per cent. below normal.
3. 1908—10 to 20 per cent. increase; 1907—25 to 50 per cent. decrease; 1906—20 to 30 per cent. decrease.
4. 1908—Greater; 1907—Possibly less; 1906—Less.
5. Volume should equal an average year.
6. Yes, to a considerable extent.
7. Much smaller.
8. Not up to the average.
9. 1908, 1907, 1906—About the same.
10. With continued favorable crop prospects and settlement of the tariff, business in this line should rapidly and materially improve. The improvement will probably be less rapid than in other lines which are classed more as necessities than this class of goods.

#### MANUFACTURERS STOVES AND RANGES.

1. Below normal.
2. 25 to 30 per cent. below.
3. 1908—Little less; 1907—35 to 40 per cent. less; 1906—30 to 35 per cent. less.
4. 1908—25 per cent. greater; 1907—About the same; 1906—About 15 per cent. less.
5. Possibly up to an average year.
6. Yes, to a certain extent, particularly on some lines.
7. Smaller.
8. Up to the average.
9. 1908—About the same; 1907—Little above; 1906—Little above.
10. Tariff settled and favorable crop conditions, there will undoubtedly be a marked improvement.

#### MANUFACTURING CHEWING AND SMOKING TOBACCO.

- Below normal.  
20 to 25 per cent.  
1908—20 to 25 per cent. increase; 1907—50 per cent. decrease; 1906—About the same.  
1908, 1907, 1906—Greater.
- Will be an average year.  
Yes; to extent of 30 to 40 per cent.  
Smaller than 1906 and 1907, little larger than 1908.  
Not up to the average.  
1908, 1907, 1906—Not much difference.
- The tariff acceptably settled look for satisfactory market, with possibly higher prices.

#### CARPETS.

- Not up to normal.  
7 to 10 per cent. below normal.  
1908—10 to 15 per cent. increase; 1907—; 1906—10 to 15 per cent. decrease.
- 1908—Much better; 1907—About the same; 1906—Not so good.  
Up to an average year.
- Yes, to a certain extent, owing largely to a feeling of uncertainty.  
Smaller.  
Above the average.  
1908, 1907, 1906—Above.
- Indications are favorable for a material increase in business, and with possibility of higher prices on certain lines.

#### HARDWARE.

- Below normal.  
10 to 20 per cent. below.  
1908—20 to 25 per cent. decrease; 1907—10 to 15 per cent. decrease; 1906—10 to 15 per cent. decrease.  
1908—Greater; 1907—Greater; 1906—About the same.
- Look for business to be fully up to the average.  
Yes; but the effect will not be so much in the St. Louis territory as possibly some others.  
Much smaller.  
Fully up to the average.  
1908, 1907, 1906—Less.
- With continued favorable crop conditions, prospects for business are good.



#### SASH AND DOORS.

1. About normal.
2. Normal to 5 per cent. below.
3. 1908—10 to 20 per cent. better; 1907—About the same, possibly a little less; 1906—5 to 10 per cent. better.
4. 1908—Possibly 20 per cent. better.
5. Should be up to an average year.
6. Yes, but cannot say to what extent; it has certainly affected purchases of lumber.
7. In the wholesale business stocks are normal, but with the retail merchant, considerably smaller.
8. About the same.
9. 1908, 1907, 1906—About the same; if anything a little above the average.
10. Conditions generally are favorable for a good volume of business; indications of higher prices.

#### PLUMBERS' SUPPLIES.

1. Normal.
2. Answered by first question.
3. 1908—20 to 25 per cent. decrease; 1907—25 to 30 per cent. increase; 1906—About the same.
4. 1908—Greater; 1907—Less; 1906—Greater.
5. Up to an average year.
6. Yes; probably 10 to 15 per cent.
7. Smaller.
8. Fully up to the average.
9. 1908—Below; 1907—About the average; 1906—About the average.
10. Indications for future business favorable, and should be fully up to the average if not above for the balance of the year.

#### LUMBER.

1. Not up to normal, owing largely to lack of purchases by the railroad trade.
2. Possibly 20 per cent. below.
3. 1908—Increase; 1907, 1906—15 to 25 per cent. decrease.
4. 1908, 1907, 1906—Greater.
5. Should be an average year.
6. Yes; it naturally has a depressing effect, which will be relieved when the matter is definitely settled.
7. Smaller.
8. Fully up to the average.
9. 1908, 1907, 1906—Below the average.

#### PLATE GLASS AND WINDOW GLASS.

Below normal.  
10 to 15 per cent. below.  
1908—About the same; 1907—20 to 25 per cent. below; 1906—10 to 15 per cent. below.  
1908—Greater; 1907—Considerably less; 1906—About the same.  
Up to an average year.  
Yes, to quite an extent.

Probably a little less, although about the average for the past three years.

Not quite up to the average.

1908, 1907, 1906—Not much difference.

This business is largely dependent upon building operations, and with an increase in the building line this business will naturally participate in that improvement. We look for a much larger business the latter part of this year.

#### PAINTS AND VARNISHES.

Normal.  
Answered by first question.  
1908—12 to 15 per cent. increase; 1907—5 to 15 per cent. decrease; 1906—10 per cent. decrease.  
1908—Greater; 1907—Less; 1906—About the same.  
Up to an average year.  
Only in a general way.  
Smaller.  
Up to the average.  
1908, 1907, 1906—Not much difference; below, if any.

#### COAL.

Below normal.  
20 to 30 per cent.  
1908, 1907, 1906—Decrease.  
1908, 1907, 1906—Less.  
Not up to the average.  
Not directly.  
Smaller.  
Not up to the average.  
1908, 1907, 1906—Above the average.

10. General conditions are very promising, and indications are that from the 1st of July on trade will be very active.

#### GLASS AND QUEENSWARE.

1. Normal.
2. Answered by first question.
3. 1908, 1907, 1906—Favorable.
4. 1908, 1907, 1906—Should show an increase over each of these years.
5. Indications are that the year's business will be up to the average.
6. Not directly.
7. No larger, possibly smaller.
8. In some sections customers discounting their bills, fully up to the average; in other sections not so.
9. 1908, 1907, 1906—Below the average.
10. Favorable crops and activity in other lines will naturally improve this business.

#### BUILDING MATERIAL—LIME AND CEMENT.

1. Not quite up to normal.
2. 5 to 15 per cent. below.
3. 1908—Increase; 1907—Decrease; 1906—Decrease.
4. 1908, 1907, 1906—Greater.
5. Up to an average year.
6. Yes, to a considerable extent.
7. Smaller.
8. Fully up to the average.
9. 1908, 1907, 1906—Not much difference.
10. The indications are for a very general improvement in the latter half of the year.

The coal business is largely affected by the activity or inactivity of the railroads and manufactories which are the large consumers. The depression caused by the financial troubles in 1907 caused a less demand for coal. With resumption of buying by the concerns referred to, the coal business will naturally increase and improve.

#### WOODENWARE.

- Hardly normal.  
Possibly 10 per cent. below.  
1908—15 to 25 per cent. increase;  
1907—10 to 20 per cent. decrease; 1906—About an average.  
1908, 1907, 1906—Greater.
- Fully up to the average year.
- To a certain extent, possibly not over 10 to 15 per cent.  
Smaller.  
Up to the average.
- 1908—About the same; 1907—About the same; 1906—Possibly a little above.  
Tariff out of the way and continued good prospects for crops, business for the balance of this year should be above the average.

#### BREWING INTERESTS.

- Below normal.  
10 to 15 per cent. below.  
1908—10 per cent. below; 1907—20 to 25 per cent. below; 1906—10 per cent. below.  
1908—Greater; 1907—Less; 1906—Greater.
- Possibly an increase, but small.  
Yes, indirectly.  
Omitted, as did not apply.  
Up to the average.  
Not answered.

The brewing interests have been affected differently from other lines, on account of the prohibition agitation in many states, and the enforcement of the Sunday closing law as affecting Missouri. According to the information obtained, the effect of the saloons being closed on Sunday has been that the trade in bulk beer shows a falling off while the bottled beer trade shows an increase; this indicating that more bottled beer is being used in private homes. It seems to be the general opinion that business in this line, as in other lines, will improve and be better the latter half of this year than it was for the corresponding period of last year.

You will notice that I have included one question in reference to collections, which is naturally of particular interest to the credit man

The general conclusion in regard to that point is that collections at the present time are fully up to the average year.

In concluding this report I will state that with most lines of business the year 1907 was a very large year if not the banner one; consequently comparisons and deductions should be made not with an abnormally large year but with an average year.

For two or three years preceding the time of the recent financial trouble business was being expanded and pushed and each year the manufacturer or the merchant set his mark for an increase over his last year, and the business generally was done by crowding ahead under strong pressure like a ship that is being driven by forced draft.

The experiences of the latter part of 1907 and the early part of 1908 have brought things back to a more normal condition and the business community is ready to push on now, on safer, surer, and more conservative lines.

A thing that has interfered with the more rapid resumption of trade has been the seeming disposition on the part of the legislators of the various states, to enact measures detrimental to commercial interests and particularly to the larger corporations, but with the adjournment of the state legislatures this condition has ceased and with the tariff question, now before Congress, disposed of I see no reason why a full resumption of the business should not come and come rapidly.

Taking all things into consideration, the prospects are that the year 1909 will prove to be fully up to the average if not above it.

St. Louis is optimistic in its views on trade resumption and business indications with us have been and now are such as to justify the quotation:

"Hail St. Louis, hail to Thee—  
City of Prosperity."

HARRY K. HUNTOON, OF MINNESOTA MERCANTILE CO., STILLWATER,  
MINNESOTA.

The condition of affairs in St. Paul reminds me of a story. A farmer met another going to town, and this conversation took place: "Bill, did you sell your hogs?" "I did." "What did you get?" "I didn't get what I expected, but I didn't expect I would." That is the way we feel about it. (Laughter.)

In order that I might bring to you a definite and condensed report concerning existing business conditions in the territory tributary to St. Paul I sent a circular letter of inquiry not only to my neighbors but to numerous interior manufacturers and jobbers asking them to report to me concerning conditions of trade in their locality and if consistent give me an idea of how the volume of business for the first five months of 1909 compared with that of 1908.

The replies received indicate that the past year has been unsatisfactory but the unanimous opinion seems to be that we are steadily and surely coming into a better situation.

While the middle west is generally known as the "Granary of the Country," and by some as the "Bread and Butter Territory," yet we have besides agriculture other large interests such as mining, lumbering and manufacturing.

In the iron country the situation is improving and it is expected that from Minnesota alone the shipments of 1909 will be 40 per cent. greater

than those of 1908. The labor situation on the Mesaba range which has been disturbed for two years, is now in a very satisfactory condition.

As to lumber, I regret to admit that conditions are not satisfactory. The demand for the manufactured product is much smaller than it has been in previous years and as yet there is no evidence of a change for the better.

The reports from the manufacturing interests are very gratifying and in almost every instance the statement has been made that the volume of business is slightly greater than for the previous year.

Of the four interests mentioned the one which suffers most, lumber, is no doubt greatly affected by the present tariff agitation.

The agricultural interests which in fact mean more to the prosperity of the Northwest than any other two are in excellent condition and we confidently look forward to improved conditions for the fall of 1909. The producers for some time received an unusually good price for their products. Weather conditions which made business quiet during the months of April and May have been ideal for the growing crops and unless something unforeseen happens the farmers in our territory will have little cause for complaint. Prosperity for the farmer means prosperity for the merchants and jobbers of the middle west; and we, who come from that section of the country, say to you that when the conservative east is shaken with financial troubles; when the growing south is held in check by doubt, and when the optimistic west is halted in its progress, we in the middle west, where mother earth has given good crops will care for ourselves and you, for we have a territory than which there is no better in Uncle Sam's domain.

#### J. G. MACKENZIE, OF AMES-BONNER CO., TOLEDO, OHIO.

Owing to its advantageous geographical position, a fact that of late years has become widely recognized, Toledo is hardly a fair criterion of general business conditions inasmuch as progress has been uniformly very rapid with us.

At the present time, however, it may be said that Toledo business shows a distinct improvement over a year ago. The gain this year has not been quite as great as we had reason to hope, though substantial and fairly satisfactory.

Orders have not been as large as formerly, in many instances, but this is offset by the fact that general financial conditions are better. Numerous local houses report that over half of their business is now being discounted in spite of bad weather which always affects collections. One reason for prompt payments is found in the fact that the farmers have been getting very good prices for their products.

Among the wholesale grocers there has been a great increase over last year's business. Collections have been good and there is no apparent reason why normal conditions should not prevail and this means steady progress.

The dry goods people have been affected somewhat by the unfavorable weather but barring this conditions are good.

The hardware and all other lines that contribute to building operations are usually busy. Toledo is fortunate in having this year a large increase in building—factories, stores and homes. Many orders also now coming to the hardware houses indicate that the retail merchants in the vicinity of Toledo are having an active trade and that their stocks had become depleted.

The clothing lines report a much larger volume of business than



they had last year. The increase is quoted as being from 15 to 20 per cent. Shoes and leather goods have not fared quite so well. The uncertainty of the tariff schedule on hides has had, very naturally, a depressing tendency, accentuated in a manner by bad weather.

In general manufacturing lines conditions are very good at present. Manufacturers of vehicles of all kinds, especially wagons, automobiles, motor boats, etc., report splendid business. In one of these lines—wagons—there is an increase of 33 1-3 per cent. over last year.

Summarized, business conditions are good, as far as Toledo is concerned, with the brightest of prospects for soon being infinitely better.

#### ARTHUR PARSONS, OF Z. C. M. I., SALT LAKE CITY, UTAH.

In our mountain state of Utah the principal sources of wealth are our agricultural, mining, cattle and sheep industries and other manufactures.

Agriculture is without doubt the most important, and as a general rule, more reliable as a producer of wealth than any of the other resources, because it is conducted to a greater degree by individual effort and its ultimate returns are rendered more certain in our state by the adoption of irrigation, thus making the production of crops more abundant and more reliable than in those states depending solely on the elements for the necessary moisture to promote the growth and maturity of grain and other farm products. Given therefore, as is usually the case, a sufficiency of winter snows in our mountains, well packed by the winds into the ravines and gullies, the warm winds and sunny days of spring and summer convert these stores into life giving streams of water which being diverted by irrigation canals into our fertile, but otherwise arid and barren lands, the successful raising of crops is assured. This being accomplished, with a good market such as at present prevails, prosperity attends the agriculturist and this in turn is shared by the community in general and makes business good.

The mining and smelting industry in our state, rich as it is in deposits of lead, silver, copper, gold and other minerals is scarcely less important than agriculture; indeed, they go hand in hand, the one creating a market, the other furnishing the supplies, and in various ways supplementing each other in the production of wealth and furnishing remunerative employment to our citizens whose welfare is reflected in the prosperity of the merchant. This industry is doing well under present conditions and producing an amount of wealth estimated at about \$3,000,000 per month. The present prices of metals are somewhat below the average but an improvement which is confidently looked for in the near future, will result in a larger production and an increase in the returns from this source.

The cattle industry is doing fairly well. The sheep interests have had and are still having an extremely favorable season. Sheep wintered well on the ranges and the wool clip and the lamb crop are both excellent with a good demand for these products at prices somewhat better than usual. The returns in cash are now finding their way into business channels resulting in somewhat improved collections.

While our state at present is not the seat of any one special line of manufacture, still there are a large number of manufacturing concerns in operation turning out a diversity of products and in such amounts as to add materially to the wealth of the community. Home manufactures are fostered and as a rule receive good patronage and it is quite

reasonable to predict there will be a steady growth in this direction as the resources and facilities of our state become known and appreciated.

Business is generally considered to be established on a firm foundation and is apparently recovering in a satisfactory manner from the recent depression. Savings bank deposits are increasing and the general banking business is in a more healthy condition. Clearing house returns for the week ending June 5th of this year showed an increase of 28.9 per cent. over those of the corresponding week of last year.

In our chief cities and towns, particularly Salt Lake City, great activity is manifested in the erection of new and commodious business houses, hotels, railroad stations, office accommodations, handsome residences for the rich, and homes and flats for those of more moderate incomes. Building permits are in excess of those for last year as to value involved and it is to be noted that the growth of population seems to justify this activity, all new buildings finding ready tenants, and few buildings, if any, remaining long vacant.

Property values are showing a steady increase without the elements usually accompanying a boom and the outlook for a prosperous business year in all lines is exceedingly encouraging. Our chief cause for complaint is the discrimination against us by the railroads in traffic rates but this matter is under investigation and it is hoped that a proper adjustment will be effected and the interests of Utah business men properly considered and protected.

L. B. McCAUSLAND, OF ROSS BROS., WICHITA, KAN.

Crops in the territories served by the Wichita market were good last year. The population of that territory has steadily increased and its almost phenomenal development is still continuing. For this reason business has been better than last year; all lines of trade report a substantial increase. This territory is chiefly agricultural, although stock growing is carried on to a large extent and manufacturing enterprises are increasing.

The crop prospects to date show a smaller acreage of wheat, however, and the crop conditions show improvement over the report made by the Department of Agriculture for the month of May. We confidently expect that the amount of money realized from the sale of the wheat crop will exceed that received from the 1908 crop. The acreage planted to corn is somewhat larger than during the season of 1908, conditions are quite favorable at the present time and with seasonable weather until the crop matures we expect a considerably larger crop than last year. Stock growers are receiving good prices for their products. The fruit crop in our state is almost a failure. However, there will be a large crop of vegetables to be marketed that will bring in ready money in the immediate future. Butter, eggs and poultry bring a great deal of money into Kansas. Manufacturing industries report a steady gain and the cement industry in particular has increased its production more than 100 per cent. during the past year and the demand is keeping all of the plants busy. Building is steadily going forward in the city of Wichita and this year the amount of money used in building operations will show an increase of at least 50 per cent. over the past year. Trade conditions are excellent. Collections have been good during the past twelve months and failures have been below normal. Retailers have not shown a tendency to

buy very large quantities for future delivery but the seasonable trade is proving up to the expectation of jobbers.

We are not inclined to give an optimistic report of conditions for future business because our crops will not be fully assured until August. We expect a larger business in the Wichita territory during the next twelve months than during the same period just passed.

Bank clearings have shown each week from 35 to 80 per cent. gain when compared with the same months of 1908. Our present position in the list of clearing houses is fifteenth place.

Our packing houses are now killing 2,500 to 5,000 hogs and 250 to 400 cattle a day.

S. C. ROGERS, OF YOUNGSTOWN CONSOLIDATED GAS AND ELECTRIC CO.,  
YOUNGSTOWN, OHIO.

Upon receipt of a letter from your president, F. M. Gettys, under date of April 10, 1909, asking that the president of the several associations be prepared to discuss business conditions as applying to their several localities, it was decided that the best way to get at the exact condition of business generally would be to ask the representative banking, manufacturing, wholesale and retail business corporations and firms to state briefly the results of business in their individual lines the first four months of this year as compared with a like period of 1908 and taking the average of several different classes of trade or manufacturing give an idea to this convention as to the comparative increases or decreases in the several lines of trade during the period above referred to, adding a statement from each as to the outlook for the future. Inquiries were made by letter, to which a large number of replies were received, the results of which are herewith given.

#### REAL ESTATE.

Average increase first four months of this year over same period of last year, 25 per cent. Real estate market very much improved. There seems to be a spirit of optimism on the part of real estate people generally and a revival in this particular line of business in Youngstown such as has not heretofore been experienced is confidently expected during the balance of this year.

#### RAILROADS.

Steady increase in both freight and passenger business is expected. The annual tonnage of the steam railroads in the Youngstown district, not including freight in transit, is approximately 23,000,000 tons. It is confidently expected that this aggregate annual tonnage will be exceeded this year.

#### EXPRESS.

Average increase of express company business is  $23\frac{1}{2}$  per cent. This is a much better record than the old line express companies anticipated and they declare they are much pleased with the business outlook for this year in Youngstown. One company writes that it does not believe there is another city in the state of Ohio that has as bright prospects ahead of it as the city of Youngstown.

#### COAL.

Requirements from the iron and steel industries in and about Youngstown have increased from 30 to 40 per cent. during the last sixty days

and there has been a noticeable improvement during the past four months compared with a like period of a year ago.

One of the largest coal companies in the Pittsburgh district writes that Youngstown has certainly been very fortunate during the depression as their mills have been running more steadily than any other iron district that they are familiar with.

Present indications point to a general revival of business and a more confident feeling among the business men.

#### MANUFACTURING INDUSTRIES.

The tonnage of the iron and steel mills of the Youngstown district for the first four months of this year as compared with a like period of last year, as reported by the accounting department of these mills, shows increases ranging from 75 to 115 per cent. The majority of the mills are now working to their full capacity and improvements are under way which will materially increase the productive capacity of a number of the mills before the close of this year.

Allied industries depending upon the production of iron and steel show correspondingly large increases in business this year, one concern reporting an increase of a little over 100 per cent. Another states that orders booked the first four months of 1909 as against the first four months of 1908 amounted to 366 2-3 per cent. Other manufacturing industries report business conditions very much improved and the outlook for the future encouraging.

#### WHOLESALE GROCERIES.

Substantial gains are reported for the first four months of the year and all lines of groceries are now moving and collections are very much better than in 1908. Outlook for the future business is very favorable.

#### WHOLESALE MEATS.

An average increase of five per cent. in business is reported with a more favorable outlook for the future than at any time since 1907.

#### WHOLESALE DRY GOODS.

There has been a steady gain in this business since the first of the year as compared with a like period of last year and this is particularly marked as it represents no additional expenditure on the part of the dry goods trade to get business. The same number of traveling salesmen covering the same territories as in 1908 have brought in an increased business approximating 30 per cent.

#### WHOLESALE HARDWARE.

While the increase in this particular line is not so marked in the reports as in some other lines, we find upon making inquiry that it is due largely to a number of large building contracts that were well under way in 1907 which served to help the 1908 record, whereas 1909 did not get any large uncompleted contracts over from the previous year. Notwithstanding this, 1909 for the full four months' period to May 1st shows an increase over a like period of 1908.

#### WHOLESALE AND RETAIL DRUGS.

This line reports an increase of 12½ per cent. with prospects good for the future.



### ROOFING SLATE AND ROOFERS' SUPPLIES.

Report a steady increase in sales and collections for the first four months of this year over the same period of last year with prospects very good for the season of 1909.

### JOB PRINTING AND BOOK BINDING.

Report an increase of approximately 30 per cent. As this business depends principally upon the manufacturers and others using commercial office forms it is a good business barometer.

### PLUMBING AND STEAM HEATING.

While the first four months of this year are generally considered the slowest months in the plumbing and steam heating trade, several large contracts have contributed to the business during this period and the outlook at the present time is considered good, one concern reporting that it has enough orders now on its books to keep the shop and men busy during the entire summer.

### ELECTRICAL SUPPLIES AND MACHINERY.

Report a large percentage of increase for the period ending May 1, 1909, compared with a like period of 1908 and the business outlook good.

### MANUFACTURING OF INCANDESCENT ELECTRIC LAMPS.

The introduction of Tungsten lamps which have become popular within the last six months has caused a large increased output and the necessary extension of factory facilities and the employment of additional people to meet the demand for this particular type of lamp, the increase based upon value of sales being 108 per cent. It is also reported that on all other types of incandescent lamps the business has increased over a like period of 1908 with a most favorable outlook for the future.

### BANKS.

The banks reflect the true business condition probably better than any other line of commercial enterprise.

The bank clearings for the first four months of 1909 were.. \$13,572,114  
Like period of 1908..... 10,562,474

Increase ..... 3,009,640

Per cent. increase ..... 36.92

The banks report a large increase in deposits especially in savings deposits, one bank reporting over 50 per cent. gain in savings deposits. The president of one of our banking institutions reports that in a general way business conditions locally are satisfactory and improving steadily and rapidly and that this improvement is being reflected in an increased volume of business for the banks of the city of Youngstown.

President Gettys—You will now hear from the chairman of the Entertainment Committee—I forget the gentleman's name. (Laughter and applause.)

Mr. T. James Fernley, Philadelphia—I have not had the pleasure of hearing everything said about the cities represented, and there may be certain places equally as desirable as Philadelphia, but I doubt it. I

should like to have one or two of those Nebraska eggs. (Laughter.) I think no allusion was made to the politics of Nebraska.

A lady has lost a portion of a ring containing seven diamonds. This lady's husband is not in the hardware business, I know. (Laughter.) If the ring should be found, please give it or your name to the secretary of the association. The chairman of the committee does not like to handle such things. (Laughter.) Don't tell it outside but some gentlemen stopping at an adjacent hotel of most excellent repute—I mean the hotel—have lost some clothing, some pantaloons. We have communicated with the hotel and the proper thing will be done. If any other losses have occurred it is by theft. Please report them and we will endeavor to have proper reparation made. Under our laws the hotels are responsible for clothing, and besides that, no law would be necessary in this city to have restitution made. If the gentlemen cannot come to the smoker and vaudeville entertainment this evening on that account as I will take personal care of them—I have some clothing left in my own wardrobe. (Laughter.) But the statement has been made that one who has been known as a hotel crook, who has been imprisoned four or five years, has just been released. Possibly it is that individual who has been visiting the hotels. He came here from Louisville. (Great laughter.)

The Philadelphia Credit Men's Association have asked me to announce, together with their thanks, the fact that one of the members of our National Association in Pittsburgh has induced a leading Philadelphia house, not heretofore identified with our Credit Men's Association, to become a member of that organization. There are still a few others in Philadelphia upon whom we would like to have influence brought. (Great applause.)

Recess until 2.30 P. M., same day.

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#### FOURTH DAY.

Friday, June 18, 1909.

##### AFTERNOON SESSION.

The session was called to order by President Gettys at 2.30 o'clock.

Mr. Charles Biggs, New York—I ask the privilege of the floor for a very brief time.

President Gettys—You have it.

Mr. Biggs—Brethren of the National Association of Credit Men and the Ladies, who have so kindly graced our meetings:

The time is approaching when our convention in this city, which on this occasion and upon every other occasion in its history has so gloriously exemplified its characteristic as the City of Brotherly Love, (Great applause) is coming to a close. We shall soon part, but before doing so there devolves upon me a very delightful duty, that of illustrating to some slight extent in tangible manner the feeling of this association toward our retiring president.

(Great, long-continued and enthusiastic applause and cheers.)

I feel, gentlemen, that my words are inadequate to express the real feeling of the 11,000 members of this association, an association which has been referred to by the speaker of our House of Representatives as the most powerful mercantile and commercial organization in this United States. (Applause.) I feel that it is impossible for me to express adequately your ideas and intent, but I recall this fact, that our

association established a high standard of disinterestedness and commercial honor when it was inaugurated, and we have been exceedingly fortunate in our presidents. They have lived up to the standard set. (Great applause.) And with respect to the president who is now retiring from his term of office, we can say that no one has lived up to the principles of our association and done better service than he. He has occupied an honorable position; he has duly honored it, and done us real, honest, sincere service. (Applause.) But I am not going to eulogize the president. His record is before you. I am merely alluding



*Director*

GEORGE K. SMITH

Simonds Manufacturing Company, Ltd., New Orleans, La.

to what you already know; but as a slight token, merely to place in his hands a tangible something so that he may feel and have before him the remembrance of your attitude and the attitude of the 11,000 members of this association, we have here and present to him a silver service.

(Great applause.) (The orchestra played "Hail, the Conquering Hero Comes.")

Francis McKeldin Gettys, will you accept this service? (Great applause) May you always remember us and may the younger men who are in this membership for many years have the opportunity of recollecting and calling to mind our dear friend. (Enthusiastic applause and cheers.)

President Gettys—Mr. Biggs, Ladies and Gentlemen:

What's the use? Words are utterly inadequate to express to you the emotions that surge up within me on receiving this token of your endorsement of my feeble efforts to further the work of this association that we all love so well.

You have already heaped more honors on me than I can ever hope to obtain the rest of my life. And now you have given me something to recall an hour and a scene that I will always cherish. I thank you. (Enthusiastic applause.)

President Gettys—The next order of business is the nomination and election of president. The chair will entertain nominations for president.

Mr. F. H. Randel, Cleveland—Mr. President, Ladies and Gentlemen: I appear before you I trust with the right and privilege, inasmuch as you are considering and deliberating on the selection and election of a successor to our most worthy president, to address you in behalf of one of our fellow members, a co-worker in this association, who has been a member, a wheel horse at the work, since 1898, a man who has attended every one of these conventions since 1899, the time of holding the Buffalo convention; he has been at work all the time; he has been a man who has been favored with the highest office in the gift of his local association, a man who has been a credit to our national body; a business man who started out in life at the age of thirteen, seeking his livelihood at the bottom of the ladder of business fame; a man that stands to-day at the top of that ladder, a credit to himself; a man who is a credit to the firm that he represents in the capacity of treasurer. We all know him. He has been elected a director of our association in the past and is to-day one of our officers, and I only wish that it were in my power to present him in a more fluent speech; but that is beyond me. I have to do it in a business way; and I hope that you will accept him unanimously. We all know that he will do honor to our association and do justice to the position to which we hope that he will be elected. I have the pleasure to present to you for your consideration and I hope unanimous election our good friend Mr. F. H. McAdow of Chicago. (Long continued applause.)

Mr. Lee M. Hutchins, Grand Rapids—We are in one of the greatest cities in the United States; we are holding a convention in what is said to be as good a hotel as there is in this country, we are at the present moment deliberating in one of the handsomest rooms that the National Association of Credit Men ever convened in. We have passed through one of the most successful conventions that has ever been held, and within a few moments will have passed through a scene that we will all be proud of. This room at the present time holds what might be called the delegated cream of the National Association, its workers, its officers and all that stands for it, its highest element and sense of meaning. This is the month of June, the best month of all the year and in the year that we believe to be or soon to be as good as any year we have ever known. The scene has been perfect, the location has been all that could be desired, our



convention has not been marred in any way, and it rests with you at this hour to conclude the scene of this day, each and everyone lending a finishing hand to one of the greatest conventions that we have ever held, without a mar. We came honestly and sincerely into this city to do business promptly as business men to lay aside our aspirations, to lay aside our prejudices, to return to our homes filled with new admiration for this country. It is my pleasure to stand here to-day, and in behalf of the Grand Rapids association to voice our sentiments in regard to the nomination that has already been made. You know it was said of this country a few years ago, that we are braggarts; but our recent panics and our clearing house stand during the last four or five years have given us the credit throughout the world of having passed out of the sphere of braggarts, and we are arriving not only at the judgment of our consciences, but at a clearer conception of what a sober-minded, well-read business man ought to be. We bound our country differently from what we used to. This association has been officered by men who are beyond criticism. A few moments ago, I let pass before my mind the pictures of the men who have led this association in the years that are passed; we offer no apology; they are subject to no criticism, and to-day there has been brought to you the name of the man whose picture can well appear in that galaxy and I arise to second the nomination of Mr. McAdow of Chicago. (Great applause.)

Mr. George W. Curtis, Fort Worth—We have extended our well wishes to our departing president as he retires to the ranks among us, where we can get still closer to him than we have; but while we are doing this, let us not forget to hold out the hand of welcome to the man who will lead us during the coming year, and the man who has earned the promotion that I confidently expect we are about to tender him, the man who will give this association as earnest, as conscientious and as effective service as it is possible for any man in the National Association to give. Gentlemen, without further trespassing on your time or patience, I wish to say that the Texas delegation one and all, the entire southwest, because that is what we have become, seconds heartily and unanimously the nomination of Mr. McAdow. (Great applause.)

Mr. Oscar Loeffler, Milwaukee—Milwaukee is very glad indeed to be in position to second the nomination of a son of her great neighboring city. We all know what Chicago has been and we all know that it is due to such men as McAdow, who represents the concentrated energy of that great city. Under his leadership we will march on to new victory. I second his nomination. (Applause.)

Mr. E. H. Dyer, St. Louis—I arise as the appointed delegate of the St. Louis delegation to second the nomination of Mr. McAdow of Chicago. We have all heard the many compliments that have been paid him by his fellow-members, and I want to say further, for your information that he is entitled to them. He was raised and had his early education in the city of St. Louis, and while he has left us for a larger but not a better city, yet we all look to him as a friend and we heartily support him in this nomination. (Applause.)

Mr. W. A. Given, Pittsburgh—For myself personally and on behalf of the Pittsburgh delegation, it is my pleasure to second the nomination of Mr. McAdow. (Applause.)

Mr. Frank W. Yale, Kansas City—On behalf of the Kansas City

delegation, it is my pleasure and privilege to second the nomination of Mr. F. H. McAdow. (Applause.)

Mr. Charles L. Bird, Boston—The Boston Credit Men's Association has authorized me to speak for them. Mr. McAdow of Chicago is well known to all of us and it is with the greatest of pleasure that the city of Boston, and the entire delegation from New England heartily second the nomination. (Applause.)

Mr. A. C. Foster, Denver—On behalf of the Denver Credit Men's Association, I wish to second the nomination of Mr. McAdow.

Mr. Adolph Landauer, Milwaukee—If I am in order, I move that the rules be suspended and the secretary cast the unanimous vote of this convention for Mr. F. H. McAdow of Chicago, as president for the ensuing year.

Motion seconded and unanimously carried.

(Great applause.)

President Gettys—I have the vote. Finlay H. McAdow of Chicago National Association of Credit Men, city, everywhere. Number of votes, 11,185. (Great and long-continued applause.)

President Gettys—I declare this gentleman elected president of this organization. (Loud cheers and great applause.)

Nominations for first vice-president are in order.

Mr. O. G. Fessenden, New York—A man who for ten years has stood in the front rank of an organization such as ours, who has performed yeoman service all that time is too valuable to us to let him stay simply in the ranks. The gentleman whose name I shall present to you for the office of first vice-president must be drafted. He is in no sense a candidate. It is a clear case of the office seeking the man. I know whereof I speak when I say that it has been necessary to bring great pressure to bear to make him consent to take up the duties of that office, because, gentlemen, he is a busy man. Starting out as a boy to make his own way, he is to-day at the head of an establishment, the second largest of its kind in the United States, the very establishment that gave him his first job as a boy. This energetic, able, honest man, has been an especially active worker in the Cleveland Chamber of Commerce, and has been chosen as a member of the directory of the Commercial High Schools of his home city. His fellow-citizens knew that they were giving to that city a wise counselor and an honest man; and when I tell you that the man I have in mind is your friend and mine, Harry New, of Cleveland (Great applause) there is no doubt but that you will cast a unanimous vote for him. (Enthusiastic applause.)

Mr. James L. Porter, Pittsburgh—A certain Mr. Solomon, a building contractor, resident in Jerusalem at one time, secured a very high credit rating from Dun's and Bradstreet's on account of a supposed large accumulation of worldly wisdom; but he was a pessimist; and no wonder, for after being out all night with the boys and indulging in birds and cold bottles, he looked upon things in the morning from a very blue standpoint, and exclaimed, "There is nothing NEW under the sun." (Laughter and applause.) Had he lived in Cleveland, as he should have, instead of in Jerusalem, and could have succeeded in getting away from his family entanglements, because I have heard they were considerable and numerous, he would have united with me, I think, and all this delegation here, in seconding the nomination of our good hearted and good looking friend from Cleveland, Mr. Harry New. (Great applause.)

Mr. D. F. Williams, Dallas—From out the boundless west, the great southwest of the Union, from the Empire State, under the galaxy of the stars, to second the nomination of a NEW man, always ambitious to recognize anything that is NEW—from Galveston, the largest export cotton market of the world, from Houston, a commercial center of great activity, from Austin, the beautiful city that lies in the hills of our Texas country, from San Antonio, the birthplace of Texas liberty, from Fort Worth, the Chicago of the southwest, and from Dallas, the pearl and the flower of all our cities, we come representing every single member of the National Association of Credit Men from that part of the country, to second the nomination of Mr. Harry New for first vice-president of this organization. (Loud cheers.)

Mr. Henry Bentley, Cincinnati—Ever since the time about nine years ago, by a mathematical error of the census enumerators, the little village of the lakes was given a larger population than the great city on the banks of the Ohio, there have been some people who have tried to stir up a spirit of bitterness betwixt the mighty city on the banks of the Ohio and the little village on the lakes. Mr. President, in our association, ever since the meeting in Chicago, when that little village on the lakes came into the convention and asked that it be given the first place in the National Association, as having the largest membership, there has been a feeling among the members of the Credit Men's Association, members who were not connected with the Cincinnati and Cleveland organization, that there was a bitterness between them. Now we in Cincinnati and our fellows in Cleveland have no such feeling; and arising at the request of the Cincinnati association I wish to say that our feeling is precisely that of an older brother when his younger kid brother reaches a point that he is able to put on boxing gloves with, we have the same joy in having Cleveland take the lead that the older brother shows when the younger is able to defend himself. On behalf of the Cincinnati association and all the Ohio associations, I rise to second the nomination of our brother from the little city on the lakes.

Mr. J. H. Scales, Louisville—It has been said that politics make strange bedfellows. I recall that about two years ago to a certain extent I was pitted against Mr. New as campaign manager, but I also recall the graceful way in which he submitted to the result; and now, on behalf of the Louisville delegation and on behalf of the delegates from Kentucky, we come here with the same earnestness, the same desire to see him succeed, and with great pleasure we second the nomination of Mr. New.

Mr. D. S. Ludlum, Philadelphia—I desire to have my name entered as being Mr. Ludlum of Ardmore, formerly of Philadelphia. Gentlemen, I belong to the largest association of the National Association. I was formerly in New York and Philadelphia, and they were too small, and I joined the National Association. We have heard of a lot of associations endorsing Mr. New for first vice-president. I feel as though we ought to hear from the national members. The organization out in Ardmore is very small. There is just one member, and on his and its behalf I take pleasure in seconding the nomination of Mr. New. (Laughter and applause.)

Mr. George H. Graves, Boston—We take pleasure in seconding the nomination of Mr. New.

Mr. O. G. Fessenden, New York—I move that the rules be suspended and that the secretary cast one favorable ballot for Mr. New as first vice-president.

President Gettys—It has been moved and seconded that the rules be suspended and the secretary be instructed to cast one favorable ballot for the unanimous election of Harry New as first vice-president.

Unanimously carried.

President Gettys—For first vice-president, Harry New. Number of votes 11,185. I declare Mr. New elected first vice-president. (Enthusiastic applause.)

President Gettys—Nominations are in order for second vice-president.

Mr. J. W. Spangler, Seattle—Mr. President and Gentlemen of the Convention: It is my pleasant privilege to place before this convention for the office of second vice-president of the National Association of Credit Men, one of the younger members of our circle, whose soft accents and engaging manners fixes him at once as a son of the South, one who has been conspicuous and is still a conspicuous figure in his local community for the furtherance of the welfare of credit men, the man who eight years ago was largely responsible for the organization of a local Credit Men's Association of which he is now the president, and who afterwards was responsible for the organization of an adjustment bureau, of which he was also made president; a man of high character, progressive while conservative, of active intellect, a man whose training and experience well qualify him for the discharge of the duties of this office, and a man who is distinguished for his fidelity to any cause which he espouses. May I present to you for your unanimous endorsement for the honorable office of second vice-president the name of Mr. William R. King, of Memphis, Tennessee? (Loud applause.)

Mr. Howard Marshall, New York—When we were boys in school, some of us remember, perhaps, that we recited occasionally a little verse from our readers which was descriptive of conditions which prevailed in this country 133 years ago, almost to the day. The little verse ran like this:

"There was tumult in the city,  
In that quaint old Quaker town,  
And the streets were rife with people,  
Pacing restless up and down,  
People gathering at corners,  
Where they whispered each to each,  
And the sweat stood on their temples,  
With the earnestness of speech."

In those days the call was made to the young, patriotic blood of the land to come forward and bear up the new born nation to the great destiny that it has achieved among the nations of the earth.

During the past four days there has been a happy tumult in this city; there have been some gatherings at corners, there have been some whisperings each to each, and the sweat has stood on our temples in the earnestness of speech, and out of those whisperings, out of those little wanderings up and down, out of the earnestness which has characterized all the deliberations of this convention, has come a demand that a young man from the Southland shall help carry on the work of this association, to carry it forward upon the high principles that have been established, to carry it toward its splendid destiny which in time it shall have in the commercial and the financial



world. That cry is distinct, it is clear, it comes from our hearts, and the cry is for King of Memphis. (Loud applause.) New York state, comprising the organizations at Buffalo, Rochester, Syracuse and New York, takes great pleasure in seconding the nomination of Mr. William R. King, of Memphis, for second vice-president. (Enthusiastic applause.)

Mr. George W. Curtis, Fort Worth—As a compliment to the gateway city for the Middle West, one of the railroad gateways of the middle river, as a compliment to the young men of the Southland, the land of cotton that rules the world, the home of the mocking bird, as a compliment to the young man of brain as well as brawn, as a compliment to the man royal by nature as well as by name, Texas stands to second the nomination of Mr. King of Memphis. (Continued applause.)

Mr. H. K. Huntoon, St. Paul—Coming as I do from the great state of the Northwest which furnishes the pure cold water for the entire Mississippi Valley, which produces its own bread and butter and furnishes you part of yours, I desire to say on behalf of the Duluth organization and of the St. Paul organization, which is my own, that we take great pleasure in seconding the nomination of so capable a man as Mr. King of Memphis. (Applause.)

Mr. W. H. Moise, Louisville—Recognizing in Mr. King the type of young man who does things, the type of a man to progress, a man of intellect, a man of ability, the great land of the blue grass, Kentucky takes pleasure in seconding the nomination of Mr. King from our sister city of Memphis, Tennessee. (Loud applause.)

Mr. S. G. Rosson, Baltimore—There seems to be no difference of opinion here. We are evidently united as to the choice of the second vice-president of the National Association. I do not think that I could add anything any more commendatory than has been stated, nor do I think it worth while. I would move, therefore, that we suspend the rules and that the secretary be instructed to cast a ballot for Mr. King as second vice-president of the association.

Seconded by Mr. E. H. Dyer, of St. Louis; also by Mr. L. C. Voss, of Pittsburgh.

Unanimously carried.

(Great applause.)

President Gettys—Mr. King has received 11,185 votes, and I declare him elected second vice-president. (Enthusiastic applause.)

It is now my pleasure to request Mr. Randel, Mr. Hutchins and Mr. Loeffler to escort the new president, Mr. McAdow, to the platform.

(This was done.)

President Gettys—Mr. McAdow, every act of my administration has been a pleasant one, and this is by no means the least. (Applause.) Mr. McAdow, I now hand you the gavel and turn over to you my office.

(The band then played "For He's a Jolly Good Fellow.")

Mr. McAdow—Mr. Gettys, Ladies and Brethren of the Convention: I want to say first of all that I thank you for that assurance about being a good fellow. If I look the part I don't feel it. (Laughter.) I am not going to try to thank you except to say the words, not only for myself, but on behalf of the Chicago association and of the delegation here, who are most entitled to the honor you have conferred in giving me this high position, the greatest honor I ever expect to attain in my

lifetime—if I should attempt to say what is in my heart about it, I should simply break down and fail.

It is with a sense of responsibility that I come into this position, that I cannot shake off. It almost amounts to depression. As I came to this city and began to receive offers of support and the kind words from all the friends I have met here, that sense of depression rather deepened; and whenever I heard any talk of a dark horse, it just seemed like a ray of hope that possibly my election would not happen. Now, because the credit men are so loyal in their dispositions and natures, I know you will say, why didn't you tell how you were suffering that way, and we would have helped you right off. (Laughter.) But I was in the hands of my friends, and said nothing. I was a discreet candidate.

This sense of responsibility no man could escape, because any man who suddenly comes to the point where his powers and capabilities are going to be tested by the duties of this high office, would not be manly if he did not in some sense shrink from the responsibility. And I have looked at it from another standpoint, looking back at the splendid list of men who have held this office heretofore; and I do not think it will be amiss if I say that I can almost hear the roll call of them as I stand here to-day, of Preston, enthusiastic and far-seeing, of Cannon, conservative and forceful, of that cherished friend, the late John Field, so lovable and considerate, of Young, the genial and diplomatic, of Tregoe, Harry Tregoe, the generous and the magnetic, of Frederick Standart, so sagacious and energetic, of O. G. Fessenden, so aggressive and judicious, and of the man who has just tendered me the gavel, that big-hearted son of Kentucky, whom we all love, Frank Gettys, so loyal and optimistic and so true to the work of this organization. (Long continued applause.)

Now, this sense of responsibility is tempered with the thought that I know you are going to sympathize with me whenever you see me trying to fill the place occupied by Mr. Gettys. It was once said by the Master of men that if any man would be first among you, let him be the servant of all; and in that sense I accept the responsibilities of this office, pledging to it the very best that is in me, relying upon you, upon the men who have supported these presidents in the past, and believing that I shall have that same hearty support during my administration. Again I thank you. (Great applause.)

President McAdow—The next thing in order will be the introduction of the newly elected first vice-president, and I will appoint as a committee to escort him to the chair, Messrs Fessenden, Porter and Scales. Will they please bring in Mr. New.

(Band plays "For He's a Jolly Good Fellow.")

Gentlemen of the convention: It is a special pleasure to me to introduce to you Mr. Harry New, the newly elected first vice-president.

Mr. Harry New, Cleveland—In the language of our president, "What's the use?" Gentlemen, I thank you. No one could be unmindful of the honor you have conferred upon me as one of the executives of your organization, and you all individually and collectively have my heartfelt thanks. I know that in recognizing me in this manner it does not come to me alone as a personal tribute, but as one to the association which I represent for the good work that it has done; I know you could have found any one of 200 or 300 in that organization that could have served you better than I.

(Voices: No, no.)

I assure you that I will do my very best to serve you as I have in the ranks of our organization. The channels of our activities are

constantly increasing and our work is multiplying. We must be careful, I recognize, in handling our subjects, and in my work on the National Board, which will be, of course, the main source of my activities, I will endeavor wholly to conserve the interests of this association as best I can; and I believe the keynote sounded by Mr. Biggs this afternoon, when he said that our organization stands for disinterestedness and commercial honor is the true one. If we maintain those two sentiments in our actions and in our work, we will always maintain the confidence of the business world and to that end I will try to serve you, gentlemen, and I thank you. (Great applause.)

President McAdow—The next item of business is the presentation of the second vice-president, and I will appoint as a committee to escort him to the chair, Mr. Spangler, of Seattle, Mr. Marshall, of New York and Mr. Foster, of Denver. (Mr. King was then escorted to the rostrum amid great applause.)

President McAdow—Gentlemen, your new "King" in the office of second vice-president. (Great applause.)

Mr. King—Mr. President, Ladies and Gentlemen: In my selection as your second vice-president I realize that you have done me a very great honor indeed, the greatest honor that has ever been conferred upon me, and, in accepting the office, permit me simply to say that it shall be my purpose to lend my every effort, feeble though that may be, to the furtherance of the interests of our splendid organization.

The second vice-presidency of this association is a position of which any member might well be proud, and I receive the honor not only in my own behalf, but also in behalf of Memphis, and the great state of Tennessee, and in fact the entire Southland where the honor and credit so rightfully belong.

Mr. G. L. Levi, Philadelphia—He is a prince!

President McAdow—Then he is eligible to the next office. (Applause.)

The next order of business is the election of seven directors to take the place of that number of outgoing directors. The secretary will now read the instructions in regard to this election.

Secretary Meek—Mr. President, may I have the privilege of making a motion?

President McAdow—The privilege will be accorded, I am sure, by the convention.

Secretary Meek—I am about to perform the most unpleasant task which falls to my lot during an annual convention and before I proceed, I move you, Mr. President, that the doors be locked, for I desire to name the tellers (great laughter), who will proceed after the ballots have been gathered to count the votes; I name the following list:

G. K. Smith, of New Orleans; F. J. La Motte, Baltimore; J. A. Matthews, Louisville; F. L. Pond, Denver; William C. Andrews, New York; C. S. Faxon, Memphis; Charles Holden, Grand Rapids; W. H. Grimes, St. Louis; A. R. Darragh, Pittsburgh; T. L. Dodd, Chicago.

President McAdow—I am sure we will never have to lock doors on a credit man when he is in the face of duty. (Applause.)

Secretary Meek—The credentials of the delegates have been filed in my office and are there for the use of the canvassing com-

mittee. The following proxies are on file there in the name of individual members, and also in the name of members of associations. These proxies are all individual proxies representing the individual members who have turned in proxies.

(List of proxies read.)

(Tellers came forward.)

Secretary Meek—In order to facilitate the counting of the votes, it has been suggested that some one member of each delegation gather together the votes of his delegation, and place them in envelopes which will be passed around, marking on the outside of each envelope the name of the delegation represented.

President McAdow—You will find on the face of the ballot the name of Mr. King, just elected second vice-president, so you will not vote for Mr. King. The election of the second vice-presidency gives him representation on the board.

(Vote taken by tellers.)

President McAdow—The next in order is the report of the Committee on Resolutions, Mr. Howard Marshall, of New York, chairman.

Mr. Marshall—Your committee on resolutions reports favorably the following resolutions:

"WHEREAS, The National Joint Committee on Conservation, established as a result of the conference composed of governors of states and national organizations and held at Washington in December, 1908, by call of the President of the United States, is carrying on a work which should have the cordial support of every body of American business men; and

"WHEREAS, This joint committee has, among other branches of its work, undertaken to arouse an interest on the part of the states, municipalities and the citizens in general in the prevention of fire waste, in which direction the association has determined to exert the full strength of its influence, be it

"Resolved, That the National Association of Credit Men, in convention assembled, most heartily endorses the work and objects of the National Joint Committee on Conservation, and pledges to it, its moral support; and be it further

"Resolved, That we recommend to all local affiliated associations that in arranging programs for their monthly meetings during the ensuing year a representative of the conservation committee be invited, when practicable, to discuss the work and objects of said committee, with a view to securing for it the cordial co-operation and support of our membership and of the commercial interests of this country as a whole."

Mr. M. H. Moise, of Louisville, moved its adoption. Seconded and unanimously adopted.

"WHEREAS, Railroads, transportation companies and other common carriers engaged in interstate commerce usually require the payment of charges assessed on freight before the delivery of same; and

"WHEREAS, The members of this association constantly suffer annoyance from the fact that these railroads and common carriers, when claims are made upon them for overcharges on or for loss, damage or injury to property committed to their care, frequently and unjustly delay the acknowledgment and adjustment of such claims, extending the time into months and sometimes into years, thereby subjecting claimants to unnecessary and unwarrantable inconvenience and loss, and



"WHEREAS, There has been introduced into Congress, by Senator Taylor of Tennessee, a bill known as Senate Bill 155, to require railroads and other common carriers engaged in interstate commerce to make prompt acknowledgment and adjustment of claims for overcharges, and for loss and injury to freight shipments, therefore be it

*"Resolved,* That the National Association of Credit Men, in convention assembled, cordially endorses said Senate Bill 155 and urges its members individually and in their various associations to use their influence to have their respective senators and representatives in Congress give said bill their active support."

On motion of Mr. J. H. Kentnor, of St. Louis, seconded; unanimously adopted.

The chairman of the committee read the third resolution as follows:

"WHEREAS, In the judgment of your committee the reading of reports already printed and before each member may at times be considered unnecessary, therefore be it

*"Resolved,* That any such report may be presented without reading if the committee presenting it so desires, and that the chairman or other members acting for the committee may call attention to the important provisions of the report, by an oral digest and shall be further recognized by the President of the Convention, under rules of debate, in the discussion of any resolution embodied in the report."

Motion made by Mr. George W. Curtis, of Fort Worth, that the resolution be adopted. Seconded.

Mr. Frank S. Evans, Philadelphia—I hope that the recommendation of the committee may not prevail. It may be at times very tiresome to listen to the reading of a long report and personally I have often thought that I would like the reading to be omitted. The older members of the association possibly know that I am particularly opposed to anything that is long-winded. In Kansas City, a number of years ago, I made the motion that no report should take over ten minutes to read. I merely mention this to show my general sentiments toward reading long-winded reports. But I do not think it is feasible for the members to get deeply enough impressed with the reports of the committees merely by having called to their attention what someone else may think to be the salient features. Furthermore, these reports are not read carefully except as the committeeman reads them, and I am quite sure that it is to the interests of the work of this association that those reports be read in full, and if the reports are so long that that is the reason it is suggested the reading be eliminated, let us then have them condensed, so that what is read is thoroughly understood before we go to debate. Often in the past when the subject of debate has come up it has happened that very few seemed to understand what was under discussion, and the question had to be restated several times; whereas if the thing had been read clearly once every one ought to have known what had happened.

Mr. E. L. McClure, Kansas City—I would certainly oppose the resolution unless a motion were made calling for the sending of these reports to the various delegates before the assembling of the national convention. It would be impossible for members of the convention to be informed as to what is contained in reports from committees unless they have the matter before them beforehand, and I think it would be unwise to pass the resolution unless some provision were made to give

the delegates an opportunity to get these reports. Therefore I am opposed to the resolution as it now stands.

Mr. F. H. Randel, Cleveland—I think Mr. Evans' remarks are to the point and good. I believe a limit should be put on reports. These books are distributed to us giving the reports but few of us read the reports and if there is a limit set to their length I think we will get the digest of it and enjoy hearing it more than when they are so long.

Mr. J. H. Kentnor, St. Louis—I think a resolution could be adopted which would meet the suggestion of the gentleman from Kansas City. I think we could adopt the resolution as read and then adopt another one calling for the making of the reports to delegates to reach them before leaving for the convention.

President McAdow—I think that would hardly be in order. You can offer it as an amendment or substitute.

Mr. Kentnor—Then I offer this as a substitute.

"WHEREAS, One of the most interesting and profitable features of the annual convention of the National Association is the reading and discussion of the able reports of the several standing and special committees; and

"WHEREAS, It is believed that the discussion of such reports would be even more profitable if the printed copies of same were furnished delegates in advance of the convention so as to allow ample time for their reading and digestion, therefore be it

"Resolved, That hereafter the secretary require all committee reports to be in his hands at such date as will enable him to print and place them in the hands of delegates at least one week prior to the annual convention."

President McAdow—That is offered as a substitute for the resolution offered by the committee.

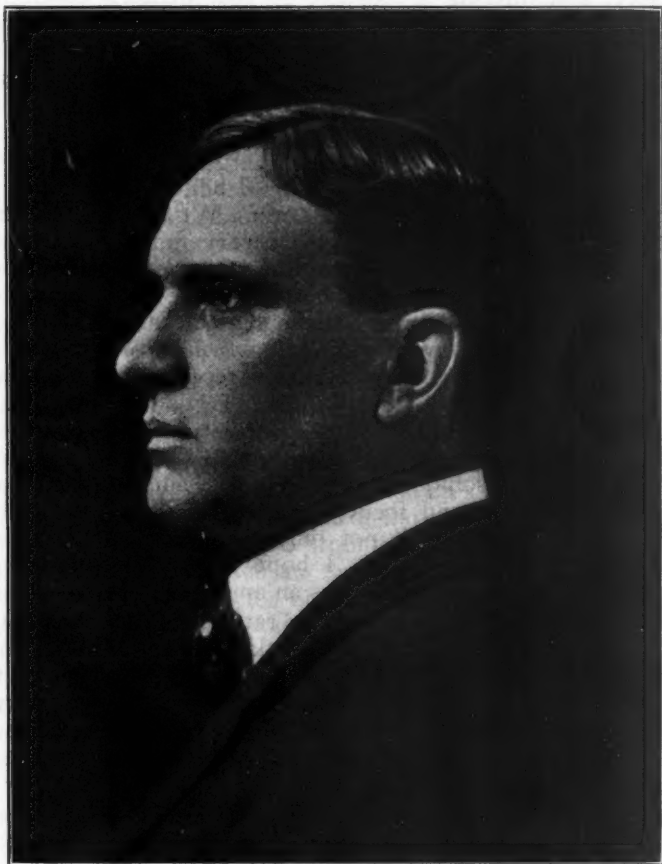
Seconded.

Mr. Lee M. Hutchins, Grand Rapids—May I say in behalf of the secretary, as well as the officials of the National Association, that the spirit of that substitute resolution is all right, but we have tried the plan. The average man writes his report twenty-four hours before he starts for the convention, and it is absolutely impossible for Mr. Meek to obtain these reports early enough to send them to delegates. I know how he has worried and sweat blood to obtain them at all. My idea is that it would be well to limit the time for reading these reports, and let them be boiled down.

Secretary Meek—At one of our conventions in the past the experiment was tried of furnishing to the delegates or to the membership at large advance copies of the reports, and of having presented at the convention only the resolutions. The reports were sent out broadcast all over the country in ample time to be read and digested, and so that those receiving them or acting as delegates could come to the convention and be fully acquainted with the recommendations. The fact is that when the delegates gathered at the convention they knew nothing at all about what was contained in the reports and the resolutions were taken up and put through practically without debate. I was present at that convention as a delegate.

Now, speaking from my official view-point, I have endeavored during the last two or three years, having heard considerable comment on the advantages there would be to having the reports out in time to reach the hands of at least the delegates; and I have never,

with the very best efforts that I could exert, starting anywhere from 60 to 90 days ahead of the convention, been able to close the forms for the reports until about train time. Last Thursday evening the last committee report came to hand, and it had to be set up that evening. I sent it to the printing office at 9 o'clock at night, went there myself and read the report. In the morning they put five presses on our work, and the job was delivered just in time to pack and bring over here. That has been my experience for five years back, and the experience of every secretary the association has had, and I do not



*Director*

F. R. SALISBURY

Salisbury & Satterlee Company, Minneapolis, Minn.

believe it would be possible to get your reports in, because there are lots of matters, especially legislative and other matters to be finished up perhaps a week or five days before the convention.

Mr. Marshall—If you will listen to the reading of this resolution I think you will change your mind about the matter.

(Resolution presented by the committee again read.)

Mr. Frank S. Evans, Philadelphia—I see no reason why the motion should prevail. This convention has the power at any time to dis-

pense with the reading of the report if it sees fit. Such resolution, if adopted, means nothing but a gentle hint for the chairmen of the various committees to try to do away with the reading of the reports. I think it is most essential to the welfare of the association that these reports be read at these various conventions.

Mr. M. H. Moise, Louisville—I take issue with Mr. Evans on one point. He says the convention can dispense with the reading of the report, but that must be under the constitution. Now, under the resolution of the committee we are carrying out something that has been done before, and offering a loophole so that matters which need not be read may be omitted. The chairman of the committee is interested enough in the report, he has worked hard in getting it up, and I do not think he would be likely to let the members fail to appreciate what was in the report; and I do not see why we cannot leave the matter to the wisdom of the chairman of the committee, whether or not he will omit to read certain parts of his report.

Mr. George W. Curtis, Fort Worth—I believe that the gentleman at my right misunderstands the situation. We all agree with him in this, that there are times when we are very much interested in the reading of the reports and there are other times when the report contains statistics which are taken in better by eye than ear. You have the reports here, and I do not believe it is necessary to have them before they reach the convention. The wording of the resolution is proper to expedite business. Sometimes a report cannot be condensed. Our friend Hutchins from Grand Rapids is a good boiler-down, but he cannot always boil down a report. But let the chairman or other member presenting that report call attention to the important provisions and explain why the resolutions were presented, and you have something that will interest us all, and focus our attention on the report itself. I believe by so doing you will not only expedite business, but make matters much more interesting. I hope that the substitute will be changed and added to the resolution as an amendment. It is a good thing, but let it be an addition to the resolution rather than a substitute.

Mr. J. H. Kentnor, St. Louis—I think the resolution offered by the committee as explained, is in order and it is evidenced by the fact that during the proceedings of this convention some parts of reports have been omitted by common consent, and I will withdraw the substitute and ask for the passage of the resolution.

Consent given.

President McAdow—The motion is on the adoption of the resolution as offered by the committee.

Motion seconded and carried unanimously.

The chairman then presented the following resolutions:

"WHEREAS, The delegates to the National Association of Credit Men, in convention assembled, at Philadelphia, Pa., on the 17th day of June, 1909, did adopt certain rules and regulations to place the adjustment bureaus connected with the affiliated branches under the control of the Board of Directors of said National Association; now therefore be it

*Resolved*, That we pledge our cordial support to the movement to make settlement and effect adjustments through the medium of these local bureaus as far as it is practicable to do so in order to promote their growth and future usefulness."



Mr. F. H. Randel, of Cleveland, moved the adoption of the resolution. Seconded and unanimously adopted.

*"Resolved,* That we urge every affiliated association to push vigorously for the enlarging of our organization, so that it shall include every desirable mercantile, manufacturing and banking house engaged in legitimate lines of credit and especially urge that only members who are credit men be selected as delegates to these annual conventions."

On motion made by Mr. S. D. Buck, of Baltimore, unanimously adopted.

"WHEREAS, The American Bankers' Association and the National Association of Credit Men have many interests in common which can be best advanced through co-operation between these associations, be it

*"Resolved,* That we the members of the National Association of Credit Men, in convention assembled, do express our sincere gratification at the cordial relations existing between the two organizations and take this occasion to declare that it is our earnest desire to co-operate with the American Bankers' Association in any movement looking to the improvement of credit conditions which its members are or may become interested in furthering.

Mr. F. H. Randel, of Cleveland, moved to adopt the resolution. Seconded and unanimously adopted.

"WHEREAS, Since our last convention death has claimed Robert McFarlan Smith of Cincinnati, one of that honored band of far-seeing credit men who shared in the labors of founding this organization; who in his life and activities personified its highest ideals, and willingly had laid upon him, in the days when the association's resources were meager and before its policies were established, those burdens which called for the heaviest sacrifices of time and strength; and

"WHEREAS, Robert McFarlan Smith served the National Association for two years as a director and in twelve of these annual conventions was present to aid in marking out the association's lines of effort; and

"WHEREAS, It was largely through his efforts and enthusiasm that there was formed at Cincinnati an affiliated branch of the association which he served year after year in offices calling for the kind of devotion which has since made that association among the strongest of our local branches; be it

*"Resolved,* That we his fellow-members in convention assembled do here and now with the most profound respect acknowledge the debt which the association owes Robert McFarlan Smith for the time and effort he gave out of his busy life to increase its usefulness and influence; and be it

*"Resolved,* That we acknowledge his high place as a man among men, one whose friendship had in it a virtue, which imparted to any man, enriched his ideals and strengthened his purposes; and further be it

*"Resolved,* That a copy of these resolutions, duly authenticated by the proper officials of the association be presented to the family of the deceased."

On motion of Mr. Hugo Kanzler, of New York, seconded. Unanimously adopted.

*"Resolved,* That we here and now express our hearty thanks to

the Hon. John E. Reyburn, Mayor of Philadelphia, Gerson L. Levi of the Philadelphia association, J. W. Spangler of Seattle, Coleman Sellers, Jr. of Philadelphia, Dr. L. S. Rowe of the University of Pennsylvania, Julius Henry Cohen, James G. Cannon, Clark Williams and George P. Sheldon of New York, Amasa M. Eaton of Providence, R. I., Chas. M. Pepper of Washington, S. G. Rosson of Baltimore and Ira D. Kingsbury of Rochester, for their able, helpful and entertaining addresses, which will take an important place in making the records of the sessions of the fourteenth annual convention interesting and valuable."

On motion of Mr. E. S. Murphy, of St. Louis, seconded and unanimously adopted.

*"Resolved*, That to our President, Vice-President, Secretary-Treasurer, Board of Directors, the Chairmen of the Committees on Legislation, Bankruptcy Law, Membership, Business Literature, Investigation and Prosecution, Mercantile Agencies and Credit Co-operation, Credit Department Methods, Fire Insurance, Adjustment Bureaus, Banking and Currency and Federal Incorporation Law, we do here express our genuine appreciation of the able and conscientious manner in which they have performed the increasingly exacting duties which devolved upon them; they realized to the full that the association was extending to them no small honor in their being selected out of our great membership to serve in their respective positions of influence and trust and the kind of service they have rendered in return for being thus honored by their fellows, speaks eloquently of the association's ability to draw to its arduous service the best talent and the most self-sacrificing devotion of its splendid membership."

On motion of Mr. J. H. Kentnor, of St. Louis, seconded by Mr. S. J. Whitlock, of Chicago, the resolution was unanimously adopted.

*"Resolved*, That we extend to the trade reviews and the press of the country in general our appreciation of their invariably courteous treatment in assisting to bring before the public the purposes of the association and its work accomplished, and particularly do we acknowledge and gratefully appreciate the prominence which the daily papers of Philadelphia have given our association, and the care and detail evidenced in their published accounts of our deliberations."

On motion of Mr. George R. Barclay, of St. Louis, duly seconded, the resolution was unanimously carried.

*"Resolved*, That the service of the Wireless, the Western Union and the Postal Telegraph Companies in transmitting our social and personal messages free of charge during this convention has added much to the pleasure and comfort not only of ourselves but of our friends at home, and to these companies we therefore express our grateful thanks for this thoughtful courtesy."

On motion of Mr. J. H. Kentnor, of St. Louis, duly seconded, the resolution was unanimously adopted.

*"WHEREAS*, The members of the Philadelphia Credit Men's Association have with unbounded cordiality extended to the members of the National Association at this the fourteenth annual convention their open-handed hospitality and left nothing undone in providing for our pleasures, comfort and entertainment and for facilitating the business of this convention, and have given to all their guests a profound respect for that spirit of brotherly love which is ever associated with this noble city; be it

*"Resolved, That we all, individually and collectively as members of the National Association here assembled are deeply thankful to the Philadelphia Credit Men's Association for the very great privilege which has been ours in being their guests and are grateful beyond adequate expression for the countless courtesies they have so generously extended and for the many occasions arranged by their indefatigable committees to extend and renew the spirit of comradeship among the members, and for the opportunities provided to learn about and know this beautiful city whose citizens are so justly proud of its many historic possessions dear to the hearts of every patriotic American; and be it further*

*"Resolved, That we shall hold in our memories as containing some of the most delightful days of our lives the week of the convention of 1909, during which we were under the care of the Philadelphia Credit Men's Association."*

On motion of Mr. W. A. Given, of Pittsburgh, duly seconded, the resolution was adopted unanimously by a rising vote, with three cheers for Philadelphia and for Mr. T. James Fernley.

"WHEREAS, The social enjoyments, which are properly a very important part of our annual conventions are largely due to the gracious presence among us of many of the wives and daughters of our members, and

"WHEREAS, We are deeply indebted to the Ladies' Auxiliary of the Philadelphia Credit Men's Association for the charming hospitality they have given our lady friends and for the delightful program they arranged and carried out so successfully for the entertainment of their guests; therefore be it

*"Resolved, That we do express our acknowledgment of the honor the ladies have extended the National Association of Credit Men in favoring us with their presence in this convention, and we trust in increasing numbers they will be in attendance at our future conventions; and be it further*

*"Resolved, That we do by rising vote most gratefully and earnestly express our appreciation to the Ladies' Auxiliary of the Philadelphia Credit Men's Association for the open-hearted reception they have given our lady friends, which we hope we may individually and collectively be privileged to reciprocate at some future time."*

On motion of Mr. Wm. L. Fox, of Buffalo, duly seconded, the resolution was unanimously adopted by a rising vote amid great cheering and enthusiasm.

The following resolution offered by Mr. W. S. Armstrong, of New York, was adopted by a unanimous rising vote as a tribute of respect to and sympathy with Mr. T. P. Robbins.

"WHEREAS, We have learned that our colleague, Mr. T. P. Robbins, of Cleveland, has been taken sick with typhoid fever,

*"Resolved, That we extend to him our sympathy and regrets that he is prevented by illness from attending this convention, and that we hereby express our hope for his speedy restoration to health and activity."*

Secretary Meek—An amendment was offered which was printed in the BULLETIN sixty days before the meeting, adding the Committee on Banking and Currency to the standing committees of the association. That was offered as an amendment to the constitution, the requirements

of the constitution being complied with through the publication of the amendment.

President McAdow—We are still under the head of unfinished business.

Mr. F. W. Risque, St. Louis—I move the adoption of that amendment to the constitution as printed in the BULLETIN. Seconded.

Secretary Meek—Article 10 of the constitution at the present time reads the standing committees shall be, (a) Legislative, (b) Bankruptcy, (c) Adjustment Bureau, (d) Membership, (e) Mercantile Agency and Credit Co-operation, (f) Business Literature, (g) Credit Department Methods, (h) Investigation and Prosecution, (j) Fire Insurance.

The idea is simply to add "(k) Banking and Currency."

Mr. Lee M. Hutchins—May I raise the question of a quorum? The constitution reads, "by a two-thirds vote of the members represented thereat."

President McAdow—The chair will rule that there is a quorum present, on the ground that while a number of the delegates are not here to complete their delegations, they are in so many cases represented by proxies that I think we are safe in proceeding on the assumption that we have a quorum present. There is a quorum present.

Mr. Hutchins—I do not wish to block the wheels at all, but I wish to have the constitution amended when it is amended.

President McAdow—I do not think the matter is serious enough to spend time on. A quorum is present.

Unanimously adopted.

President McAdow—It becomes part of the constitution.

Mr. F. W. Risque, St. Louis—It occurs to me that the duties of committees really should be named in the constitution, but as the caption possibly covers that, I presume that is not required.

President McAdow—If that is found necessary we can apply the cure at a later date. Is there any further miscellaneous business?

Mr. A. H. Foote, St. Louis—I wish to offer this resolution:

"WHEREAS, Certain cases have arisen wherein the United States mails have been used in such manner as to cause suspicion that there exists a conspiracy to defraud merchants, and

"WHEREAS, When the attention of the Federal authorities has been directed to such frauds their action has been withheld on the suspicion that it was an attempt to use the Government as a collection agency. Now, therefore, be it

"Resolved, That the National Association of Credit Men in convention assembled at Philadelphia respectfully urges on the Postmaster General of the United States the claim of merchants for protection, and be it further

"Resolved, That in every case of this character the National Association of Credit Men, through its secretary, shall, after the matter has been laid before him, call to the attention of the Postmaster General the particular instance, and use every honorable means to get the Post Office Department to take up the investigation (and if deemed advisable, the prosecution) of the case, and be it further

"Resolved, That a copy of these resolutions be sent to the Postmaster General."

I will state briefly what calls attention to the need for this at the present time, and it is a case on which Cincinnati, Lexington, St. Louis and some other associations have been working for some time. They



are interested in it. They may have very small claims against these parties but what we are fighting for is the principle, for the prosecution of the wrongdoers. There is evidently an organized effort in one or two counties of Kentucky, where parties are ordering goods, and many merchants have shipped goods and lost them through the fraudulent efforts of the people referred to. The matter was placed before the postal authorities first in St. Louis. Then we were referred to the Cincinnati office as having jurisdiction. Thereupon through the secretary of the Cincinnati association, the matter was taken up, and I would like to call on Mr. Bentley to explain what happened after it reached his office.

I move the adoption of the resolution. Seconded.

Mr. Bentley—There have been in the mountain districts of Kentucky half a dozen cases where the mails have been used for fraudulent purposes. St. Louis first took the matter up and the difficulty in a local association securing the co-operation of the Federal authorities toward the prosecution of these frauds, lies in the doubt in the minds of the Federal authorities as to whether or not the local association may be in some way one of these numerous credit associations, a collection agency or something of that kind, that has an axe to grind. In such cases as these we ought to get the support of the National Association of Credit Men. Evidence has been elicited sufficient to convince any fair-minded man that there is a regular conspiracy going on in this direction. The secretary of the National Association has described these cases in the BULLETIN, and I think every member is conversant with the facts. We want the support of the National Association in all these matters to bring its influence to bear upon the postal authorities at Washington to direct the local authorities to take such steps as are necessary.

Mr. S. G. Rosson, Baltimore—My firm has had some experience in these cases. We have been shipping goods for months into the eastern part of Kentucky and western part of Virginia. Parties have been ordering goods under the names of other merchants, having them shipped to points where these merchants are unknown, and securing the goods by some means or other. How many goods we have shipped that way we don't know. We have a number of cases where the bill is disputed and we cannot collect. We have had a detective at our own expense at work on this matter for some time. We have gone to Washington and taken it up with the post office authorities. They sent a detective to look into this question, a Mr. Robinson, who reported very definitely on the cases. We later found that the trouble was that the cases were in the jurisdiction of the Cincinnati postal authorities. We then sent our man to Cincinnati and had him take the matter up with the postal authorities there, and spend a day at it. They had a pile of stuff a foot high relating to different cases they had been working on. However, our detective reported that Mr. Holmes, the post office official, did not seem to be very enthusiastic over the proposition, stating that they were working on it and expected to get at the whole matter at some future time and did not think that our detective could tell them anything. Mr. Holmes stated that they had a man in that section for some time; that seven months ago he disappeared. They have another man in that territory, but only one. Personally I do not feel that the government is putting the force behind that proposition that they should. I would like the attention of the national government called to it as is proposed by this resolution.

Mr. W. M. Pattison, Cleveland—I would like to relate the experience of the Cleveland association in a similar matter. Last August an instance was brought to our attention, evidently of a fraudulent nature. We brought it to the attention of the postal authorities in Cleveland, but they did nothing. The inspector in Cleveland told us we had no case and gave us no assistance. We employed Pinkerton detectives and legal talent, and recently we have had six men indicted by the United States Grand Jury for fraudulent use of the mails, and two indicted for perjury in connection with the same case and yet up to within a week or ten days we have had no assistance from the postal authorities. I have in my hand a letter that I received from Mr. J. K. Orr, of Atlanta, Georgia, in which he says: "We started at work on a case at Erie, where two concerns took their merchandise and disappeared. We traced shipment to Cincinnati, where it was reshipped to Atlanta. We gave this information to the Government and asked their attention. The people in question had received several thousand dollars worth of diamonds on approval, owed for merchandise all over the country, and we have been waiting for the Government to act. The parties have closed their store at Atlanta and shipped twenty trunks of merchandise under the name of household goods to Iowa."

Now, if the adoption of this resolution would have any effect we should pass it because it is almost impossible to enlist the co-operation of the Government in matters of this kind.

Resolution unanimously adopted.

President McAdow—We are in the same position we were at Chicago when the tellers had not yet reported at the time of the hour for possible adjournment. It is therefore proper to take a recess and with the permission of the convention the chair will announce a recess until such time as the tellers are ready to report, and there will no doubt be opportunity to adjourn immediately after we receive that report to some place in the hotel during the evening. The question of selecting the place for our next convention will go to the Board of Directors and those who expect to extend an invitation to the convention will, of course, file their invitations and papers with the secretary who will present them to the board.

Mr. D. G. Endy—When will the announcements of election come?

Secretary Meek—Announcement will be made from the platform of the theatre in the hotel.

Mr. Arthur Parsons, Salt Lake City—I move that we take a recess subject to the call of the president.

Motion seconded and unanimously carried.

### Theatre of the Hotel.

June 18, 1909.

Convention called to order by President McAdow at 10 o'clock P. M.

Mr. T. James Fernley—It is necessary to interrupt this entertainment a moment or two, in order that the National Association may finish some business which was pending at the time of the adjournment this afternoon. It will only require a moment or two, and we ask your indulgence.

President McAdow—The convention of the National Association

of Credit Men will please be in order. We will listen to the report of the tellers' committee which canvassed the vote for the members of the Board of Directors.

Secretary Meek—I present the tellers' report as follows: "This is to certify that the following are the candidates who received the highest number of votes, and who are hereby declared directors for the ensuing two years:

Lee M. Hutchins, Grand Rapids.

Howard Marshall, New York.

George E. Melius, Bridgeport.

Oscar Loeffler, Milwaukee.

Enoch Rauh, Pittsburgh.

J. H. Kentnor, St. Louis.

W. L. Fox, Buffalo."

(Great applause.)

A meeting of the Board of Directors will be held in 15 minutes from this time, either in the registration room or in the blue room. Delegations desiring to appear before the board for the purpose of extending an invitation to hold the next convention in their city, may do so.

Mr. O. G. Fessenden, New York—I move that the report of the tellers be accepted and placed on the record.

Seconded and unanimously carried.

President McAdow—These gentlemen are your directors for the ensuing two years.

Mr. S. D. Hubley, of Pittsburgh—I move that a vote of thanks be given to the Philadelphia Committee on Entertainment for the entertainment of the last four days.

Motion seconded and unanimously carried, amid great enthusiasm, with three cheers for Philadelphia and three cheers for the new president.

Mr. Frank S. Evans, Philadelphia—I move that the convention now adjourn *sine die*.

Motion seconded and unanimously carried.

President McAdow—In view of the pleasant and profitable days that we have spent here in Philadelphia, it is with regret that I now declare the convention adjourned *sine die*.

## ROSTER.

### Members Registered as Present.

- Alabama.**  
 Birmingham—H. W. Coffin, B. F. Ezekiel.  
 Montgomery—W. E. Pitts, F. G. Salter.
- Arkansas.**  
 Fort Smith—T. C. Davis.
- California.**  
 Los Angeles—Newman Essick, W. C. Mushet.
- Colorado.**  
 Denver—A. C. Foster, J. M. Mulvihill, F. L. Pond, A. J. Thomas, V. A. Tracey, W. H. Wylie.
- Connecticut.**  
 Bridgeport—Geo. E. Melius, Guy P. Miller.  
 Hartford—H. T. Holt, J. P. Krogh.  
 New Britain—Isaac D. Russell.
- Delaware.**  
 Wilmington—Samuel K. Smith, Alfred D. Warner, Jr., E. N. Wead.
- Florida.**  
 Jacksonville—R. V. Covington, J. D. Holmes.  
 Tampa—Frank Bentley, H. E. Snow.
- Georgia.**  
 Atlanta—W. D. Brady, Ralph Rosenbaum, R. S. Wessels.  
 Savannah—Jacob Gazan, O. S. Kulan.
- Illinois.**  
 Alton—F. L. Taylor.  
 Chicago—Carl E. Baur, T. L. Dodd, H. Fornoff, M. S. Green, H. W. Hardy, W. J. Lawlor, W. J. Lipsey, F. H. McAdow, W. G. Moore, H. E. Otte, H. Powell, M. C. Rasmussen, C. A. Richards, L. R. Root, J. A. Rosenfield, A. G. Scheltes, C. E. Schramm, Henry T. Smith, A. Terrell, L. S. Tiffany, W. M. Turner, C. H. Warren, S. J. Whitlock.  
 Decatur—A. J. Murray.
- Indiana.**  
 Evansville—A. W. Sevringhaus.  
 Indianapolis—Frank Goheen, Victor Kendall, Ralph K. Smith, J. E. Stilz.
- Iowa.**  
 Cedar Rapids—R. S. Sinclair.  
 Sioux City—L. E. Packer, A. J. Ward.
- Kansas.**  
 Wichita—L. B. McCausland, Guy M. Truax.
- Kentucky.**  
 Lexington—R. D. Norwood, C. L. Williamson.  
 Louisville—Wm. F. Baumeister, Clarence Braden, Frank M. Gettys, O. B. Gibson, Geo. Laib, S. B. Lynd, J. A. Matthews, M. H. Moise, G. H. Monning, Willis S. Mullen, Chas. B. Norton, J. H. Scales, J. H. Wijkes.
- Louisiana.**  
 New Orleans—J. A. Badger, Jas. H. Curtin, T. J. Ferguson, H. C. George, P. P. Hanley, Charles Reynolds, W. P. Simpson, George K. Smith.
- Maryland.**  
 Baltimore—J. D. Armstrong, Richard T. Baden, S. D. Buck, W. A. Dickey, W. H. Duncan, W. H. Frazer, P. E. Graff, H. F. Hohnberger, F. J. La Motte, W. F. McAvoy, O. D. Maxwell, Ira Morningstar, S. G. Rosson, E. M. Stevenson, Gustavus Thayer, J. Harry Tregoe, J. Edgar Wylie.
- Massachusetts.**  
 Boston—Walter C. Billings, Charles L. Bird, Jos. J. Devereux, Harry T. Emmons, George H. Graves, Frank W. Hall, Harry L. Hazen, Fred L. Howard, Harry H. Humphrey, Orrin J. Hutton, Walter C. Mitchell, Clifford W. Pierce, Myer Rosenfield, Milton S. Thompson, William O. Wales, William G. Walker.  
 Fitchburg—R. H. Hitchcock.  
 Pittsfield—Frank Hempstead.  
 Springfield—Thos. W. Irwin, Marcus H. Smith.  
 Webster—Robert M. Sartain, W. A. Taylor, Walter F. Tilton.  
 Worcester—Geo. H. Waite.
- Michigan.**  
 Detroit—John Ballantyne, Edward Bland, Walter S. Campbell, C. W. Garratt, Wade Millis, F. E. Parker, J. M. Richardson, W. H. Roberts, John E. Rouland, Charles B. Sawyer, Fred L. Silk, Murray D. Wasson.  
 Grand Rapids—C. A. Benjamin, J. L. Benjamin, R. J. Cleland, F. S. Coleman, Christian Gallmeyer, H. A. Heyman, Chas. Holden, W. C. Hopson, Lee M. Hutchins, J. L. Kemp, Wm. J. Kennedy, A. B. Merritt, John Sehler, Geo. S. Stevens, Alletz K. Tyson.



## Minnesota.

Duluth—W. B. Cross.  
Minneapolis—A. E. Anderson, C. J. Bintliff, W. V. Haight, W. S. Hughes, P. H. Knoll, F. R. Salisbury.  
St. Paul—F. M. Collester, H. K. Hutton, D. L. Sawyer.

## Missouri.

Kansas City—W. C. Dunbar, J. A. Gallagher, S. E. Heinlein, E. A. Krant-hof, A. E. Lombard, E. L. McClure, H. G. Moore, Geo. Osmond, F. L. Severance, Frank W. Yale.  
St. Joseph—C. S. Dickey, Minetry Jones.  
St. Louis—A. E. Baker, Geo. R. Barclay, E. M. Christopher, E. H. Dyer, A. H. Foote, A. E. Gilster, W. H. Grimes, C. W. Hughes, J. H. Kentnor, Ira W. Love, E. S. Murphy, F. E. Norwine, Henry H. Pickett, F. W. Risque, C. C. Robertson, O. W. Ropiequet, C. M. Shirley, F. L. Taylor, W. S. Thomas.

## Nebraska.

Lincoln—H. T. Folsom.  
Omaha—E. M. Andreesen, Chas. H. Pickens.

## New Hampshire.

Manchester—O. J. Hutton.

## New Jersey.

Newark—Theodore Aldendorf, William P. Barton, J. Fred Braun, Irving C. Brown, Curtis R. Burnett, Frank S. Cobb, Frederic P. Crane, Chas. E. Daniels, George T. Jancovius, Louis A. Kempf, Thomas J. Kenny, Frank LeCerff, Hiram E. Littell, H. V. Osborne, George R. Potter, Charles H. Sansom, E. C. Strem-pel, Arthur B. Underwood.  
Trenton—Harvey Cooley, Wm. D. Gowdy, F. H. Hamerstrom.

## New York.

Buffalo—H. R. Bridgeman, A. J. Cordes, H. M. Edwards, Wm. L. Fox, Fred B. Haring, Wm. F. Kasting, T. H. Meyer, S. H. Pooley, F. B. Randall, S. C. Ryan, Chas. F. Smith, F. J. Smith.  
Elmira—W. M. Cooper.  
New York—R. G. Agnew, Wm. Crane Andrews, W. S. Armstrong, Wm. Aspden, M. E. Bannin, Bernhard Benson, Chas. Biggs, Franklin H. Brown, Wm. C. Brown, C. T. Burkhardt, John J. Cahill, Jas. G. Cannon, Charles Compton, Stephen D. Conger, John C. Davis, J. Winter Davis, F. K. Dolbeer, G. C. Driver, I. E. Edgar, O. G. Fessenden, Frank S. Flagg, E. D. Flannery, J. F. Fletcher, R. T. Fowler, L. Preston Gates, W.

T. Gayle, John R. Grimm, Geo. C. Haigh, Theo. Hetzler, Edward Hiler, A. R. Hosford, C. H. Imhoff, G. H. Jantz, Hugo Kanzler, Edward W. J. Kaysel, W. F. H. Koelsch, U. S. Kolby, H. W. Lazelle, Chas. E. Legler, W. W. Lester, Sam'l B. Lewis, William H. Lowry, Howard Marshall, B. E. Martin, Edward H. McCray, Geo. B. McGinnis, Henry Meckauer, R. E. Nuese, Frank L. Odell, Geo. O'Neill, L. Ott, Jr., R. R. Pentecost, E. H. Philips, A. E. Pierce, Geo. E. Pierson, William H. Quin, Edwin T. Ross, Wm. T. Simmons, W. L. Smith, O. A. Strecker, J. M. Tallman, J. L. Thompson, R. W. Van Valkenburgh, Robert E. Vierling, E. H. Weber, E. A. Whitman.

Rochester—W. B. Conklin, W. T. Connor, L. S. Foulkes, C. P. Griffith, Ira D. Kingsbury, J. H. Lempert, D. D. Lovelace, J. H. McAnarney, W. M. Malloy, W. E. More, Lee Richmond, W. J. Trimble, W. G. Woodworth.

Syracuse—L. John Bergman, Wm. C. Blanding, H. B. Buell, C. E. Bull, W. H. Landers, W. W. Plumb, P. Ridings.

Utica—A. H. Dobson, Eugene H. Hieber, Geo. W. Oatley

## Ohio.

Cincinnati—Max N. Agger, Henry Bentley, Sylvester Byrne, John B. Finn, George Guckenberger, W. B. Johnston, H. Juninger, H. L. Loge, Samuel Mayer, Wm. H. Muench, Max Silberberg.

Cleveland—F. B. Bicknell, H. J. Bruehler, W. A. Comstock, E. A. Dodd, B. P. Grunauer, H. E. Hackenberg, T. C. Keller, J. E. Leighton, Harry New, W. M. Pattison, F. H. Randel, Thos. D. Russell, Kenneth R. Taylor.

Columbus—Wm. Fritschie, E. K. Morris, H. E. Smith, E. E. Tilton, B. G. Watson.

Coshocton—E. O. Selby.

Mansfield—William Jesson.

Piqua—F. E. D. Keplinger.

Steubenville—John E. Cummins.

Toledo—W. W. Cray, F. L. Gutches, C. E. Laney, J. Gazzam Mackenzie, J. H. Paddock, Daniel Segur.

Troy—H. F. Douglass.

Youngstown—S. D. Currier, W. L. Kauffman, W. C. McKain, S. C. Rogers, C. Strouss, John G. Thomas, C. R. Wilson.

## Oklahoma.

Oklahoma City—G. E. Black, C. C. Ingram, J. E. O'Neil, A. R. Parker.

## Oregon.

Portland—T. C. Wadsworth.

## Pennsylvania.

Allentown—Frank D. Bittner.  
 Altoona—C. F. Anderson.  
 Ardmore—David S. Ludlum.  
 Johnstown—W. A. Sawyer.  
 Philadelphia—Adolph Ahrens, Jr., J. Scott Anderson, Wm. W. Armstrong, Lewis L. Bailey, George C. Baude, Joseph T. Beardwood, Chas. L. Besselievre, Robert Biddle, 2d, Samuel R. Boggs, Arthur H. Brown, L. R. Browne, Robt. L. Budd, P. B. Calvert, R. S. Chambers, G. Washington Cole, Charles H. Coles, Gustav Daniels, E. W. Dilkes, H. C. Disston, Chas. H. Dungan, Wm. H. Emory, D. G. Endy, Frank S. Evans, Powell Evans, Geo. C. J. Fleck, Louis Fleisher, E. H. D. Fraley, Frank A. Freeman, G. Stanley French, Henry Freund, David H. Funston, Edgar S. Gardner, Frank Gould, R. W. Graham, Andrew Griffith, Franklin H. Gulick, W. K. Hardt, H. O. Hark, F. G. Helmbold, Emerson B. Heneks, Aug. Hugo, James A. Humphry, Austin W. Hyde, Charles D. Joyce, H. J. Kenderdine, Charles W. Kipp, G. L. Levi, Frank C. Lewin, H. C. Lincoln, H. A. Loeb, P. A. Lynch, H. D. McCarthy, John H. McCracken, J. A. McKee, C. W. McMahon, Wm. S. Maddox, George Masters, W. T. May, Jr., Edmund S. Mills, David Milne, H. E. Moody, E. P. Passmore, A. W. Pickford, Jos. S. Potter, Charles M. Prince, Chas. G. Rapp, Chester P. Ray, Campbell Robison, F. R. Scattergood, Ely K. Selig, E. F. Shanbacker, Albert W. Sheffey, Clayton F. Shoemaker, John H. Sinex, Louis N. Spielberger, Albert Sullivan, John Turner, Robert Walker, Charles H. Wolf.  
 Pittsburgh—F. Armstrong, J. M. Carboy, C. L. Cole, W. E. Cooper, T. K. Cree, Jr., A. R. Darragh, A. C. Ellis, W. A. Given, H. J. Herron, S. D. Hubley, Robert A. Irwin, W. L. Jack, S. C. Knode, Cyrus Lewis, Emanuel Lewis, H. C. McKee, Max Mansmann, A. F. Maxwell, Wm. Meyer, James E. Porter, E. N. Prugh, Enoch Rauh, Geo. W. Ryan, A. H. Schewe, Thos. H. Sheppard, W. J. Sloan, W. Watson Sommerville, L. C. Stuckrath, L. C. Voss, A. J. Walker.  
 Williamsport—F. N. Page.

## Rhode Island.

Bristol—W. DeF. Brown.  
 Providence—E. R. Lynch, Horace M. Peck, H. R. Slade.

## Tennessee.

Memphis—John W. Bailey, H. A. Burkhardt, C. S. Faxon, C. C. Jones, W. R. King, Wm. Orgill, J. R. Paine, W. E. Stansbury, L. Y. Williamson, Wm. Young.  
 Nashville—G. E. Finnegan, E. O. Harris, H. T. Hill, R. J. Joyner, Stephen Lenohan, J. H. Orr, Lamar Pound, Harris Solinsky, C. T. Sullivan.

## Texas.

Dallas—M. M. Blakeney, R. E. Bramlett, J. P. Kelly, E. U. Neuenchwander, W. P. Peter, E. M. Tighe, Don F. Williams.  
 El Paso—James A. Dick, W. H. Shelton.  
 Fort Worth—Geo. W. Curtis, Wm. Monnig.  
 Houston—J. C. Bering, D. D. Peden, Jr.

## Utah.

Salt Lake City—J. W. Delano, Arthur Parsons, M. H. Sowles, Walter Wright.

## Virginia.

Lynchburg—Peter Ainslie, P. G. Cosby, L. D. Horner, E. F. Sheffey.  
 Norfolk—H. G. Barbee, Chas. Hoofnagle, Washington Taylor.  
 Richmond—Hugh Antrim, Lewis H. Blair, Jr., W. H. Bowers, C. S. Fenson, C. M. Ferrell, John Landstreet, J. T. McGraw, W. B. Nelson, Jo. Lane Stern, Leon Wallerstein.  
 Roanoke—S. H. Coleman, T. T. Fishburne.

## Washington.

Seattle—E. G. Anderson, H. S. Gaunce, J. W. Spangler, C. S. Wills.  
 Spokane—J. B. Campbell.

## West Virginia.

Charleston—Clark Howell.  
 Wheeling—E. S. Dyer, C. Earle Reed.

## Wisconsin.

Milwaukee—H. M. Battin, T. E. Brennan, Frank B. Desmond, H. L. Eisen, A. Landauer, Oscar Loeffler, Jas. McLeod, A. E. Sielaff, F. G. Smith, M. W. Toby, W. W. Wallis, S. Fred Wetzlar.

## Summary of Registration.

Members present .....	567
Ladies and visitors present .....	467
Total .....	1,034

## Directory of Officers of the Affiliated Branches of the National Association of Credit Men

- ATLANTA, GA.**—The Credit Men's Association of Atlanta. President, Bolling H. Jones, Atlanta Stove Works; Secretary, E. L. Rhodes, Ernest L. Rhodes & Co.
- BALTIMORE, MD.**—The Credit Men's Association of Baltimore. President, Geo. L. Irvin, Carlin & Fulton; Secretary, S. D. Buck, Maryland Bldg.
- BIRMINGHAM, ALA.**—Birmingham Credit Men's Association. President, H. W. Coffin, Moore & Handley Hdw. Co.; Secretary, G. B. McVay, Amzi Godden Seed Co.; Assistant Secretary, R. H. Eggleston.
- BOISE, IDAHO.**—The Boise Association of Credit Men, Ltd. President, J. G. H. Graveley, Capital Brokerage and Comm. Co.; Secretary, Charles P. McCarthy, D. J. A. Dirks, 12-14 I. O. O. F. Temple.
- BOSTON, MASS.**—Boston Credit Men's Association. President, William Q. Wales, Brown-Wales Co.; Secretary, Chas. L. Bird, 77 Summer Street.
- BUFFALO, N. Y.**—Buffalo Credit Men's Association. President, W. L. Fox, Buffalo Forge Co.; Secretary, Wilbur B. Grandison, 78 Erie County Bank Bldg.
- BUTTE, MONT.**—Butte Association of Credit Men. President, Chas. E. Virden, Ryan & Newton Co.; Secretary, R. Frank Casey, Casey Candy Co.
- CEDAR RAPIDS, IA.**—Cedar Rapids Association of Credit Men. President, W. H. Sutherland, Anchor Mills Co.; Secretary, C. B. Robbins, 409 Security Building.
- CHARLESTON, W. VA.**—Charleston Association of Credit Men. President, J. F. Bedell, Hubbard-Bedell Grocery Co.; Secretary-Treasurer, Clark Howell, Capital City Supply Co.
- CHICAGO, ILL.**—The Chicago Credit Men's Association. President, S. J. Whitlock, Belding Bros. & Co.; Secretary, O. A. Ipsen, 218 La Salle Street.
- CINCINNATI, O.**—The Cincinnati Credit Men's Association. President, Samuel Mayer, Isaac Fallers' Sons Co.; Secretary, Henry Bentley, 614 Mercantile Library Bldg.
- CLEVELAND, O.**—Cleveland Association of Credit Men. President, W. M. Pattison, W. M. Pattison Supply Co.; Secretary, Kenneth R. Taylor, 505 Chamber of Commerce Bldg.; Assistant Secretary, H. J. Bruehler, 505 Chamber of Commerce Bldg.
- COLUMBUS, O.**—Columbus Credit Men's Association. President, H. E. Smith, Columbus Merchandise Co.; Secretary, Benson G. Watson, 601-605 The New First National Bank Bldg.
- DALLAS, TEX.**—Dallas Association of Credit Men. President, H. S. Keating, Keating I. & M. Co.; Secretary, W. P. Peter, 904-906 Praetorian Bldg.
- DECATUR, ILL.**—Decatur-Springfield Association of Credit Men. President, Wilber Humphrey, Morehouse & Wells Co.; Secretary, A. I. Murray, National Grocer Co., Decatur, Ill.
- DENVER, COLO.**—The Denver Credit Men's Association. President, Karl K. Mayer, Kuner Pickle Co.; Secretary, Donald Reid, C. S. Morey Merc. Co.; Assistant Secretary, H. A. C. Mathew, 407-408 Sugar Bldg.
- DES MOINES, IA.**—Des Moines Credit Men's Association. President, M. C. Palmer, Des Moines Saddlery Co.; Secretary, C. R. Cownie, Cownie Tanning Co.
- DETROIT, MICH.**—Detroit Credit Men's Association. President, Wade Millis, 812 Union Trust Building; Secretary, W. S. Campbell, 610 Moffat Building.
- DULUTH, MINN.**—The Jobbers' Credit Association. (Duluth-Superior). President, W. B. Cross, F. A. Patrick & Co.; Assistant Secretary, F. H. Green, 305 Burrows Bldg.
- EL PASO, TEX.**—El Paso Association of Credit Men. President, James A. Dick, The James A. Dick Co.; Secretary, H. E. Christie.
- FARGO, N. D.**—Fargo Association of Credit Men. President, Nelson A. Burdick, Hall-Robertson Hdw. Co.; Secretary, H. L. Loomis, N. W. Mutual Saving & Loan Assn.
- FORT SMITH, ARK.**—Fort Smith Association of Credit Men. President, T. C. Davis, Reynolds, Davis & Co.; Secretary, Ben D. Kimpel, 606 Merchants National Bank Building.
- FORT WORTH, TEX.**—Fort Worth Association of Credit Men. President, Geo. W. Curtis, Burrus Mill & Elevator Co.; Secretary, George Q. McGown, Reynolds Building.
- GRAND RAPIDS, MICH.**—Grand Rapids Credit Men's Association. President, Chas. Holden, Holden & Hardy; Secretary, A. K. Tyson, Powers-Tyson Printing Co.
- HOUSTON, TEX.**—Houston Association of Credit Men. President, J. B. Adoue, Adoue-Blaine Hdw. Co.; Secretary, M. R. Robson, Schuhmacher Grocery Co.
- INDIANAPOLIS, IND.**—Indianapolis Association of Credit Men. President, J. E. Stilz, A. Kiefer Drug Co.; Secretary, Frank H. Goheen, Hide, Leather & Belting Co.
- JACKSONVILLE, FLA.**—Jacksonville Credit Men's Association. President, R. V. Covington, Covington Co.; Secretary, J. C. Darby, W. A. Bowes & Co.
- KANSAS CITY, MO.**—Kansas City Association of Credit Men. President, A. E. Lombard, Corn Belt Bank; Secretary, Frank W. Yale, 315 Dwight Bldg.
- LEXINGTON, KY.**—Lexington Credit Men's Association. President, R. D. Norwood, Curry, Tunis & Norwood; Secretary, C. L. Williamson, McClelland Bldg.
- LINCOLN, NEB.**—Lincoln Credit Men's Association. President, E. A. Holbrook, H. P. Lau Co.; Secretary, E. G. Evans, Henkle & Joyce Hdw. Co.
- LITTLE ROCK, ARK.**—Little Rock Association of Credit Men. President, Max Mayer, Scott-Mayer Commission Co.; Secretary, Frank T. Longley, 219½ Main St.
- LOS ANGELES, CAL.**—Los Angeles Credit Men's Association. President, E. J. Levy, Standard Woodenware Co.; Secretary, W. C. Mushet, 323 Bullard Bldg.
- LOUISVILLE, KY.**—Louisville Credit Men's Association. President, J. A. Matthews, Brinly-Hardy Co.; Secretary, Wm. F. Baumeister, U. S. Trust Co. Building.
- LYNCHBURG, VA.**—Lynchburg Credit Men's Association. President, Edward F. Shaffey, Craddock-Terry Co.; Secretary, J. M. Funkhouser, Smith-Briscoe Shoe Co.
- MEMPHIS, TENN.**—The Memphis Credit Men's Association. President, W. R. King, Wm. R. Moore D. G. Co.; Secretary, J. R. Faine, White-Wilson-Drew Co.
- MILWAUKEE, WIS.**—The Milwaukee Association of Credit Men. President, Harry L. Eisen, Landauer & Co.; Secretary, H. M. Battin, Standard Oil Co.

- MINNEAPOLIS, MINN.**—Minneapolis Credit Men's Association. President, D. W. Longfellow, Longfellow Bros. Co.; Secretary, M. C. Badger, Patterson & Stevenson Co.
- MONTGOMERY, ALA.**—Montgomery Association of Credit Men. President, F. G. Salter, Durr Drug Co.; Secretary, Wm. E. Pitts, Levy, Wolff & Pitts Shoe Co.
- NASHVILLE, TENN.**—Nashville Credit Men's Association. President, Harris Solinsky, Harris Solinsky & Co.; Secretary, George M. Thomas, 307 Stahlman Building; Assistant Secretary, Charles H. Warwick.
- NEWARK, N. J.**—Newark Association of Credit Men. President, C. H. Sansom, C. B. Smith & Co.; Secretary, J. Fred Braun, J. J. Hockenjos Co.
- NEW ORLEANS, LA.**—New Orleans Credit Men's Association. President, George K. Smith, Simonds Mfg. Co., Ltd.; Secretary, T. J. Bartlette, Williams, Richardson & Co., Ltd.
- NEW YORK, N. Y.**—The New York Credit Men's Association. President, Howard Marshall, Joseph Wild & Co., 366 Fifth Ave.; Secretary, A. H. Alexander, 320 Broadway.
- NORFOLK, VA.**—Norfolk Association of Credit Men. President, H. G. Barbee, Harris-Woodson Co.; Secretary, C. L. Whichard, Whichard Brothers Co.
- OKLAHOMA CITY, OKLA.**—Oklahoma City Credit Men's Association. President, J. E. O'Neil, Richards & Conover Hdw. Co.; Secretary, A. R. Parker, Williamson-Halsell-Frasier Co.
- OMAHA, NEB.**—The Omaha Association of Credit Men. President, John Duff, Hayward Bros. Shoe Co.; Secretary, E. G. Jones, Credit Clearing House.
- PHILADELPHIA, PA.**—The Philadelphia Credit Men's Association. President, G. L. Levi, Sam'l Sternberger & Co.; Secretary, S. W. Severson, Room 801, 1011 Chestnut St.
- PITTSBURGH, PA.**—Pittsburgh Association of Credit Men. President, Enoch Rauh, Rauh Bros. & Co.; Secretary, A. C. Ellis, Renshaw Building.
- PORTLAND, ORE.**—Portland Association of Credit Men. President, L. L. Paget, Fleischner, Meyer & Co.; Secretary, L. B. Smith, Fleischner, Meyer & Co.
- PUEBLO, COLO.**—Pueblo Association of Credit Men. President, Thomas A. Duke, Henkel-Duke Mercantile Co.; Secretary, Wilbur F. Nelson, Nuckolls Packing Co.
- RICHMOND, VA.**—Richmond Credit Men's Association. President, Leon Wallerstein, Southern Clothing Mfg. Co.; Secretary, Jo. Lane Stern, 1014 Main St.
- ROCHESTER, N. Y.**—The Rochester Credit Men's Association. President, Ira D. Kingsbury, L. Adler Bros. & Co.; Secretary, Edward Weter, Yawman & Erbe Mfg. Co.
- ST. JOSEPH, MO.**—St. Joseph Credit Men's Association. President, P. E. Parrott, Battreal-Whittinghill Shoe Co.; Secretary, Arthur Steinel, Johnston-Woodbury Hat Co.
- ST. LOUIS, MO.**—The St. Louis Credit Men's Association. President, F. E. Norwine, Meyers Bros. Coffee and Spice Co.; Secretary, A. H. Foote, 809 Mercantile Bldg.
- ST. PAUL, MINN.**—St. Paul Credit Men's Association. President, Harry K. Huntoon, Minnesota Mercantile Co., Stillwater, Minn.; Secretary, H. W. Parker, Merchants' National Bank.
- SALT LAKE CITY, UTAH.**—The Utah Association of Credit Men. President, Arthur Parsons; Secretary, P. L. Doran, Symms Utah Grocer Co.; Assistant Secretary and Manager, Geo. E. Forrester, P. O. Box 886.
- SAN ANTONIO, TEX.**—San Antonio Association of Credit Men. President, Jake Wolff, J. Oppenheimer & Co.; Secretary, G. A. C. Half, A. B. Frank Co.
- SAN DIEGO, CAL.**—The Credit Association of San Diego. President, Jarvis L. Doyle, Doyle-Barnes Co.; Secretary, G. F. Hoff, 841 Fifth St.
- SAN FRANCISCO, CAL.**—San Francisco Credit Men's Association. President, Thos. M. Earl, Nolan-Earl Shoe Co.; Secretary, Ben Armer, 499 Monadnock Building.
- SAVANNAH, GA.**—Savannah Credit Men's Association. President, Marvin O'Neal, Meinhard, Schaul & Co.; Secretary, A. G. Newton, Credit Clearing House.
- SEATTLE, WASH.**—Seattle Association of Credit Men. President, J. W. Spangler, Jr., Dexter Horton & Co., Bankers; Secretary, H. S. Gaunce, The Hambach Company.
- SIoux FALLS, S. D.**—Sioux Falls Credit Men's Association. President, J. P. Adams, Haley & Lang Co.; Secretary, R. I. Cone, Manchester Biscuit Co.
- SPOKANE, WASH.**—Spokane Merchants' Association. President, A. W. Doland, Spokane Drug Co.; Secretary, J. B. Campbell, 610 Empire State Bldg.
- SYRACUSE, N. Y.**—Syracuse Association of Credit Men. President, Howard B. Buell, Syracuse Dry Goods Co.; Secretary, William C. Blanding, Crouse-Hinds Co.
- TACOMA, WASH.**—Tacoma Credit Association. President, Frank E. Day; Secretary, J. D. Benner, Bank of California Building.
- TOLEDO, O.**—Toledo Association of Credit Men. President, J. G. Mackenzie, Ames-Bonner Co.; Secretary, Lewis B. Hall, 1223 Ohio Building.
- WICHITA, KAN.**—Wichita Credit Men's Association. President, Willis Davis, Southwestern Drug Co.; Secretary, F. W. George, Shattuck-George Iron Co.
- YOUNGSTOWN, O.**—Youngstown Credit Men's Association. President, S. C. Rogers, Youngstown Consolidated Gas & Electric Co.; Secretary, W. C. McKain, 607 Stambaugh Building.



## Directory of Adjustment Bureaus.

Bureaus for the adjustment of insolvent estates are operated in the following cities, under the authority and supervision of their local Associations of Credit Men. All are affiliated branches of the National Association of Credit Men. Address all communications on Adjustment Bureau matters to the parties named:

BALTIMORE, MD.—S. D. Buck, Maryland Building.  
BOISE, IDAHO—Chas. P. McCarthy, Room 1, Pioneer Building.  
BOSTON, MASS.—Chas. L. Bird, 77 Summer Street.  
BUFFALO, N. Y.—Wilbur B. Grandison, 78 Erie County Bank Building.  
BUTTE, MONT.—Guy C. Davidson, Independent Telephone Building.  
CEDAR RAPIDS, IOWA—C. B. Robbins, 409 Security Building.  
CHICAGO, ILL.—M. C. Rasmussen, Mgr., 218 La Salle Street.  
CINCINNATI, OHIO—Henry Bentley, 614 Mercantile Library Building.  
CLEVELAND, OHIO—Frank B. Bicknell, 505 Chamber of Commerce Building.  
COLUMBUS, OHIO—B. G. Watson, 601-605 The New First National Bank Bldg.  
DALLAS, TEXAS—W. P. Peter, 214-218 Linz Building.  
DENVER, COLO.—C. N. Kinney, 409 Sugar Building.  
DES MOINES, IOWA—A. W. Brett, 218 Clapp Block.  
FORT SMITH, ARK.—Ben. D. Kimpel, 606 Merchants National Bank Building.  
FORT WORTH, TEXAS—Geo. Q. McGown, Reynolds Building.  
GRAND RAPIDS, MICH.—R. J. Cleland, 427 Houseman Building.  
KANSAS CITY, MO.—Frank W. Yale, 315 Dwight Building.  
LEXINGTON, KY.—C. L. Williamson, 726 McClelland Building.  
LITTLE ROCK, ARK.—Frank T. Longley, 219½ Main Street.  
LOS ANGELES, CAL.—F. C. De Lano, 600 Equitable Savings Bank Building.  
LOUISVILLE, KY.—Walter Walker, United States Trust Co. Building.  
MEMPHIS, TENN.—Memphis Credit Men's Adjustment Bureau, Business Men's Club Building, 79-81 Monroe Avenue.  
MILWAUKEE, WIS.—S. Fred. Wetzler, 500-501 Free Press Building.  
MINNEAPOLIS, MINN.—J. P. Galbraith, 543 Gilfillan Block, St. Paul, Minn.  
NEWARK, N. J.—Harry V. Osborne, 164 Market Street.  
NEW ORLEANS, LA.—W. C. Lovejoy, 711-712 Canal, La. Bank Building.  
OKLAHOMA CITY, OKLA.—George E. Black, 538 Bassett Building.  
PHILADELPHIA, PA.—Edmund S. Mills, Room 801, 1011 Chestnut Street.  
PITTSBURGH, PA.—A. C. Ellis, Renshaw Building.  
PORTLAND, ORE.—R. L. Sabin, 1 Front Street.  
PUEBLO, COLO.—George O. Gray, 501 Court Street.  
RICHMOND, VA.—Jo. Lane Stern, 1014 Main Street.  
ROCHESTER, N. Y.—(Manager not appointed.) 1008 Granite Building.  
ST. JOSEPH, MO.—Sidney Beery, German-American Bank Building.  
ST. LOUIS, MO.—A. H. Foote, 809 Mercantile Building.  
ST. PAUL, MINN.—J. P. Galbraith, 543 Gilfillan Block.  
SALT LAKE CITY, UTAH—Walter Wright, P. O. Box 419.  
SAN DIEGO, CAL.—G. F. Hoff, 841 Fifth Street.  
SAN FRANCISCO, CAL.—Ben Armer, 499 Monadnock Building.  
SEATTLE, WASH.—I. H. Jennings, 802-805 Central Building.  
SPOKANE, WASH.—J. B. Campbell, 610 Empire State Building.  
TOLEDO, OHIO—Lewis B. Hall, 1223 Ohio Building.  
WICHITA, KAN.—Willis Davis, Southwestern Drug Co.  
YOUNGSTOWN, OHIO—W. C. McKain, 607 Stambaugh Building.

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